

Paris Ceremonies Spotlight Gallery of Aging Survivors

By Joseph Fitchett
International Herald Tribune

PARIS — When Prime Minister Edouard Balladur and Paris Mayor Jacques Chirac stand side by side at ceremonies commemorating the French capital's liberation 50 years ago, the solemnity of the moment will eclipse their rivalry as the leading conservative contenders in the presidential election next year.

But most French political leaders promote to this week's events are probably marking their last hurrah in politics. Like the American veterans who participated in the Normandy landings in 1944, the commemoration this year finds the politicians at retirement age or beyond.

Among the famous living witnesses, Jacques Chaban-Delmas, 79, still using the name which he took in the underground, is approaching the end of an almost uninterrupted postwar reign as mayor of Bordeaux. As a 25-year-old Gaullist general, Mr. Chaban-Delmas flew to London to warn the Allies of an imminent Communist-led insurrection in Paris, then parachuted back into France in time to help seize control of the capital on behalf of General Charles de Gaulle.

Mr. Chaban-Delmas, now in failing health, will probably be succeeded in Bordeaux, a major conservative power base, by Alain Juppé, 49, currently France's foreign minister and a young pillar of the Gaullist party founded before he was born.

Old age has claimed many other individuals who played key roles in those dramatic hours in Paris. Ernst von Bressendorf, 76, who died Friday of cancer, was the officer in charge of communications at the Paris headquarters of the German occupation on Aug. 23, 1944, when he saw an incoming telegram from Hitler ordering the destruction of the city.

Appalled, Mr. von Bressendorf stalled, holding up delivery of the message until the next day when it was too late for the Germans to do much damage, a factor that helped General Dietrich von Choltitz decide to ignore the Führer's instructions and spare Paris.

Some of the most tenacious survivors of the war are veterans of the French Resistance, some of them Communists, for whom the liberation of Paris was a crowning moment in their long underground campaign.

Women, who were numerous in the ranks of the Resistance, especially as couriers, have received attention in the Paris ceremonies, all the more deserved for being overdue in many cases.

The head of France's organization of former Resistance fighters was for years until her death a woman, Marie-Madeleine Fourcade, who died in

1989 at age 80. Despite her prominence, the rank-and-file of women in the underground have benefited only slightly from the advancement in business and government that has often been the lot of men whose war record opened doors in the French establishment.

The passing of a generation also marks the end of a period in which wartime fighters have dominated historical discussions of this complex period, often seeking to block fresh research liable to sully the image of the Resistance as almost a chivalric saga of modern French knighthood.

Even President François Mitterrand, 77, has never managed to quiet doubts about his wartime role. Successfully escaping from a German prisoner-of-war camp after several attempts, Mr. Mitterrand joined the Vichy government as the official handling veterans' affairs and was decorated by Marshal Pétain for his services.

But Mr. Mitterrand has explained that he was acting on orders from the underground to infiltrate the Vichy ranks and use his authority to help the Resistance.

The most important moment of Mr. Mitterrand's war was a trip to meet General de Gaulle, a visit that soured instantly when De Gaulle learned that the French politician had traveled in a plane supplied by Britain. De Gaulle suspected the British government of wanting to manipulate France's political moderates.

Both men came away from their encounter as political foes for the rest of their lives.

In the Gaullist system, an unspoken ally was the French Communist Party, whose extremists helped drive voters to the right. As De Gaulle explained to André Malraux, his culture minister: "There is nothing between us and the Communists," meaning that French voters were left no choice because centrist parties had emerged from the war almost fatally weakened.

For the Gaullists, now led by Mr. Chirac, there were many emotional links to the Communists because the two parties had fought side by side in the Resistance.

The man who initiated the Paris uprising was a Communist, Henri Tanguy, now known by his oom de guerre as Rol-Tanguy.

Mr. Rol-Tanguy, 86, has always been a man with strong bonds to the left wing of the Gaullist party, which shared many of the Communist ideals of social change and much of their anti-imperialist ideology, including strong anti-American impulses.

For De Gaulle, this complexity fit his perceptions of the postwar world. With France safely protected by U.S. power, Paris was free to



In the effort to prepare France for the surrender of German forces, top (Aug. 24, 1944), a young American at the Office of War Information in London, John Peter, drew a poster signaling the "Dawn of a New Day."

pursue policies of national interest even when they were at odds with its allies. The Kremlin's delight at this display of Gaullist independence meant that Moscow always ordered the French Communists to do whatever De Gaulle needed. Those turbulent days in 1944, so bright after the gray occupation, brought out vividly the characters and movements typifying France's history as a tug-of-war between

When the Capital Became War Zone

PARIS — Parisians looked back on Wednesday with pride and nostalgia to a time 50 years ago when they took to the streets with hunting rifles and gasoline bombs to liberate the French capital from its Nazi occupiers.

For roughly 10 days beginning on about Aug. 15, 1944, such Parisian landmarks as Notre Dame Cathedral, the Latin Quarter and the city hall plaza were transformed into guerrilla war zones as police officers and lightly armed civilians took on German troops and tanks.

By the time General Philippe Leclerc arrived at the city gates at 7:45 A.M. on Aug. 25, the street fighting had largely died down and the Germans had all but given up.

For this reason, while France earlier this year extended warm thanks to Allied veterans for the D-Day Normandy landings, it has been taking all the credit for freeing Paris.

A three-day celebration began on Wednesday with parades and speeches as well as bonfires for those who fell in the fighting. The ceremonies go into high gear on Thursday with fireworks, a parade and a gala ball at the Place de la Concorde.

They continue on Friday with a parade recalling de Gaulle's triumphant return to Paris from London.

Hundreds of thousands of people lined the Champs-Élysées on Aug. 26, 1944, to see him pass by. A key goal of his march was to kill support for the Communists, who had done much of the initial organizing of the Resistance within Paris and had begun setting up their own postwar governmental structures.

De Gaulle, who opposed a big role for the Communists, grabbed the spotlight for himself and then turned his back on the Resistance fighters. Instead, he appealed to all political factions to unite in the new government.

It was de Gaulle who had suggested General Leclerc's role to the Allied commanders, feeling that a French liberating army would restore the honor that had been taken from France by the Nazis.

Allied commanders were not eager to free Paris, believing that taking the capital street by street would cost many lives and distract from the more pressing task of pursuing the fleeing German forces.

In addition, capturing the capital would oblige the Allies to take on the task of feeding Paris, diverting foodstuffs from the soldiers.

But de Gaulle convinced them that the Germans' growing weakness and the Resistance's successes dictated an Allied move on Paris itself.

Today, plaques can still be seen throughout the city marking the sites where French soldiers and citizens died. In all, more than 2,000 fell during the campaign to liberate Paris.

WORLD BRIEFS

Peacekeepers Pass Bosnian Blockade

ZAGREB, Croatia (Reuters) — A convoy of French UN peacekeepers, blocked for two days by Muslim refugees stranded in a demilitarized zone in Croatia, resumed its journey Wednesday, the United Nations said.

The 22-vehicle convoy, taking 280 French troops to Zagreb, managed to get past the refugees without incident early in the morning. "Most of the refugees were asleep because they were very tired," Major Jean-François Philippe said.

The convoy was blocked on Monday by up to 3,000 refugees from the Bilac enclave in northwestern Bosnia, an area occupied by rebel Muslim forces. Major Philippe said the refugees accused the peacekeepers of having helped the rebel forces overrun their territory, a charge he denied.

Khmer Rouge Link Hostages to Aid

PHNOM PENH (Reuters) — Khmer Rouge guerrillas have dropped ransom demands for the release of three Westerners but instead want Western countries to halt military aid to the Cambodian government, the prime minister said Wednesday.

"The Khmer Rouge said they don't demand a ransom any more, but they demand that powerful countries stop providing aid," said the prime minister, Prince Norodom Ranariddh. He said he was less optimistic of an early release of the hostages now that the guerrillas had linked them to a political agenda.

The Khmer Rouge had earlier demanded \$150,000 for the release of the three hostages, a Briton, a Frenchman and an Australian. They were seized on July 26.

French TV Stations Face a Rare Suit

PARIS (AFP) — For the first time, France's broadcasting watchdog said Wednesday that it would seek fines against the three main television networks for giving the government too much air time.

The agency, known as the CSA, said it would file suit with the Council of State, France's highest administrative court, against the privately owned TF1 and the state-owned France 2 and France 3 stations. It said it would seek fines of several million francs against each station. A million francs is about \$200,000.

Under French law, television stations must share air time equally between governing and opposing parties. The nine-member CSA said that in the first three months of this year, it had observed that news programs on the networks gave the lion's share of coverage to the government when it came to appearances by politicians.

Jewish Relics Given Back to Hungary

BUCHAREST (AP) — Romanian policemen returned more than \$200 million worth of stolen Jewish relics and artworks to Hungarian Jewish officials at a ceremony Wednesday in Bucharest.

The head of Romania's police force, Major General Ion Pitulescu, said nearly all the religious objects, relics, carpets and paintings stolen from the Budapest Jewish Museum last December had been recovered in a nearby village. Two Romanians who also held German citizenship have been detained in connection with the theft.

"This is the greatest gift we ever received for our New Year celebrations," said Gusztav Zoltai, director of the Confederation of Jewish Communities in Hungary.

TRAVEL UPDATE

Paris Police Warn Over Holdups

PARIS (AFP) — The French police issued a warning Wednesday concerning a wave of holdups by drug addicts wielding hypodermic needles allegedly infected by the AIDS virus.

The police said they had made eight arrests in Paris since the beginning of the month after people were attacked as they withdrew cash from automatic bank tellers.

The most dangerous area was Les Halles, in the center of the capital, a huge shopping and entertainment complex haunted by gangs of youths and drug addicts, the police said.

A widespread power failure hit many areas of southern Italy for more than 90 minutes on Wednesday, blocking thousands of people in trains and elevators and knocking out traffic signals in many towns and cities, officials said.

Railroad ticket booths for international travelers were closed Wednesday at major Dutch stations as employees walked out over potential job cuts and company restructuring plans.

Fires in the north of the Spanish province of Aragon have destroyed about 3,000 hectares of pine forest and brush and are getting dangerously close to a Romanesque monastery where the 11th- and 12th-century kings of Aragon are buried.

Traffic will be curtailed in Athens on Thursday because of pollution and a heat wave, the Environment Ministry said.

Italy and Germany Vow To Battle Fascist Groups

BONN — The German and Italian justice ministers agreed Wednesday that European nations needed to work together more to combat rightist radicals and block the spread of neo-Nazi propaganda.

Sabine Leutheusser-Schnarrenberger and Alfredo Biondi said European governments had to find ways of keeping young people from committing hate crimes against foreigners, a statement said.

The two ministers met here to review legal issues and prepare for a European Union justice and interior ministers meeting scheduled for Sept. 7 in Berlin. East European ministers have been invited to join the session the next day.

"Preventative measures supported by the whole of society are needed to combat hate crimes against foreigners, especially by youngsters," the statement reported the ministers as saying.

"More intensive cooperation is also needed to halt the spread of neo-Nazi propaganda materials and the international networking of extreme right-wing organizations," they added.

Berlusconi and Bossi Meet
Prime Minister Silvio Berlusconi of Italy has met with Umberto Bossi, the leader of the Northern League and his coalition partner, to patch up their

belated coalition and head off a new row on pension reform, Agence France-Presse reported from Porto Cervo, Italy. The two met in Sardinia late Tuesday night, Mr. Berlusconi's spokesman said.

Since the March election that brought them to power, the two men have been engaged in an almost constant public quarrel.

Rightist Denies German Alliance

BONN — The far-right leader Franz Schönhuber denied Wednesday that he had formed an alliance with another ultranationalist figure, and he said Germans would soon be fed up with paying for Nazi crimes.

Under fire from the government, the media and his own Republican Party, Mr. Schönhuber, a former Waffen-SS member, said his talks with Gerhard Frey, leader of the hard-line German People's Union, were merely intended to stop feuding within the far-right.

The two men had jointly announced the formation of a "defensive front" against what they described as the "leftist popular front." But on Wednesday Mr. Schönhuber said, "There was no talk of cooperation or an alliance in my statement, just of efforts to avoid letting the established politicians play us off against each other."

This was their first meeting of attempted reconciliation since Aug. 13, when they met at Mr. Berlusconi's residence in Milan.

One of the main items they discussed was pension reform, which involves heavy spending cuts and has millions of pension holders worried. Mr. Berlusconi's spokesman said the government majority coalition was determined to preserve pensioners' rights.

In October, the government is to present an austerity plan to cut up to 45 billion to 52 billion lire (\$29 billion to \$32 billion) from the budget. Cutting expenditures was a central plank in Mr. Berlusconi's election campaign.

'Palestinian School Year' Nears Israel Cedes Control Outside Self-Rule Area

By Carlyle Murphy
Washington Post Service

JERUSALEM — Israel handed over to Palestinians control of education in the West Bank town of Ramallah on Wednesday, marking the first transfer of power to the Palestinian self-rule authority outside the newly autonomous areas.

The ceremony, to be followed by similar ones in other West Bank towns over the next few days, will place the entire educational system of the Israeli-occupied territory in Palestinian hands by the time the school year begins on Sept. 1.

"The new school year will be a Palestinian school year in the West Bank and Gaza Strip under the responsibility of the Palestinian National Authority," said Naim Abu Humos, director of education in the self-rule government.

An Israeli education official, Mahfouz Zaher, said, "This is the fruit of the peace process."

Although a small step, the move provides Palestinians with the first evidence that their self-rule government will not be confined to the Gaza Strip and Jericho, as many had feared.

The PLO and Israel, meanwhile, initiated an agreement Wednesday in Cairo allowing the Palestinians to run their own civilian affairs in the occupied West Bank starting Sept. 12. After six weeks of tough bargaining, the chief negotiators, Nabil Shaath for the Palestinians and General Danny Rothchild for Israel, initiated a document that is to be signed Sunday at the Erez crossing between Israel and autonomous Gaza.

Mr. Shaath said earlier that Sept. 12 had been chosen for transferring other areas of authority because a meeting of countries that have pledged aid to the Palestinians is set for three days earlier.

Most donor countries have withheld aid, complaining that the Palestinians have failed to set up a proper financial system to receive the money.

"Today is the real start for the implementation of the peace agreement on the West Bank," Mr. Shaath said.

Only after this transfer takes place will the two sides begin negotiations on a full turnover of political authority to Palestinians in the West Bank.

Those talks are likely to be lengthy and difficult since they will cover Israeli troop redeployment, security for Jewish settlements on the West Bank, and Palestinian elections for a governing council.

Although Palestinians are pushing hard for early elections, and have declared they want them to take place on Dec. 15, this seems too early considering the issues that must be resolved first, Israeli officials have said.

Bare Elbows: Unorthodox?

Reuters

JERUSALEM — A Tel Aviv rabbi, in the face of a withering heat wave, has ruled that a man can divorce his wife for rolling up his sleeves past her elbows in public, an Israeli newspaper said Wednesday.

Some Orthodox Jews insist women cover their arms for modesty. "The sleeves must reach the elbows, covering the whole of the elbows," the daily Ma'ariv quoted Rabbi Moshe Bitan as saying.

"Even on the hot days of summer," the rabbi said, "if a woman bares her arms in the street, her husband is entitled to divorce her."

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U.S. Considers Lifting China Sanctions Linked to Rights

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Three months after President Bill Clinton pledged to continue certain economic sanctions against China for past human rights abuses, Commerce Department officials say discussions have been held about lifting those barriers.

Adding to confusion about the Clinton administration's intentions, Commerce Secretary Ron Brown said Wednesday that there were "no present plans" to lift the sanctions, which bar Washington from providing money to Beijing to plan major development projects.

A day earlier, Mr. Brown said at a briefing that it was "common knowledge" that the ban on development funds for China was "under discussion in the administration" but that no decision had been made.

"Those items are always under consideration," he said.

The comments indicate that a move to lift the sanctions has not been seriously considered by the president but could emerge in coming months.

The subject is sensitive because Mr. Brown begins a major trade mission to China this week-end in hopes of boosting the fortunes of U.S. companies, and because Mr. Clinton had specifically extended the sanctions when he decided in May to grant China unconditional most-favored-nation trading status.

The sanctions were imposed in 1989 after pro-democracy demonstrations were brutally put down by Chinese troops, and Mr. Clinton eventually wanted to retain the sanctions to show his resolve on human rights issues even as he broadened China's favored trading status with the United States.

A senior Commerce Department official said Wednesday that low-level discussions had been

held on development aid but that there were no plans to lift the sanctions.

"It may happen sometime," he said, "but this is not a front-runner issue today."

Mr. Brown, the official said, spoke when he said discussions were "common knowledge."

The sanctions specifically bar China from receiving so-called trade development assistance and ban the payment of risk insurance for investments in China. Restoring these programs would have high symbolic value for China, whose officials are keen to see the sanctions dropped.

When the sanctions were imposed, the U.S. Trade and Development Agency had been spending about one-quarter of a roughly \$30 million fund to help China conduct feasibility studies for major public works and related development projects. Typically, U.S. companies conducting the studies would have the inside track on winning an eventual construction contract. Today, the total fund has grown to \$45 million

but China is barred from receiving the assistance.

A second sanction still in force involves the U.S. Overseas Private Investment Corp., which provides risk insurance to American companies investing in projects abroad.

Mr. Brown, meanwhile, has touted his mission to China as an aggressive effort to gain a foothold for American companies in the world's largest market.

He will travel to Beijing, Shanghai, Guangzhou and Hong Kong with the chief executive officers of 24 major U.S. corporations, including Atlantic Richfield, Fluor, Westinghouse Electric, Bell Atlantic, Eastman Kodak, Chrysler and TRW.

Mr. Brown is expected to sign agreements with Chinese officials to formalize ways of resolving a range of trade disputes between the two countries, and company-to-company deals are also expected to be sealed.

UN Says It Lacks Rwanda Monitors

Rights Watch and Inquiry On Killings Seen as Hobbled

By Jane Perlez
New York Times Service

NAIROBI — The United Nations' efforts to monitor human rights abuses in Rwanda under the new regime and to bring to justice those suspected of participating in the massacres were woefully undermanned and underfunded, officials said Wednesday.

Only 3 of a planned 20 human-rights monitors have arrived in Rwanda, and these people do not have cars or communications to enable them to move around the country.

A minimum of 70 monitors, but preferably 140, are needed, the United Nations special envoy to Rwanda, Shaiyir Khan, said here Wednesday.

The special rapporteur of the United Nations Commission on Human Rights, René Degni-Ségui, has said 150 to 200 human-rights observers were necessary.

"We are very anxious to have more visibility," of human-rights monitors, Mr. Khan said. Referring to the likelihood of more killings, he added, "The very presence is a deterrence."

Three African jurists who have been appointed as a commission of experts to take testimony on the massacres are scheduled to arrive in Rwanda on Saturday, but they will not have the necessary support staff to do a speedy job.

The jurists asked Western donors on Wednesday for a team of 100 lawyers and 100 forensic specialists "as quickly as possible," but it was not clear when or from where the help would come from, according to one of the jurists, Amega Adu-Kofi, the former president of the Supreme Court of Togo.

The evidence collected by the jurists and their staff is to be presented to an international tribunal on Rwanda called for by the special rapporteur but yet to be approved by the United Nations Security Council.

The presence of credible human-rights monitors is considered essential to help persuade the more than 1 million Rwandan refugees in Zaire and Tanzania that it is safe to return home.

The longer the refugees stay in the camps, where members of the former government are successfully waging an alarmist campaign against returning to Rwanda, the more difficult it will be to break up the camps, refugee specialists say.

There have been reports of increased violence in the camps against refugees who do try to return home. Five refugees were taken hostage by extremist Hutu at the Goma refugee camp in Zaire on Wednesday when they tried to head back to Rwanda, the UN High Commissioner for Refugees said.

Toll Put at 1 Million Dead

A United Nations official said Wednesday that the final death toll in the bloodbath in Rwanda could be well over 1 million. Reuters reported from the Rwandan capital, Kigali.

Charles Petrie, deputy coordinator of the UN Rwanda Emergency Office, said, "I don't think 1 million would be an exaggerated figure."

Mr. Petrie's estimate was backed by a senior aid worker who said his organization had put the deaths, mainly from massacres of minority Tutsi and moderate Hutu government opponents, at around 1.5 million.

Senate Republicans Say They Can Stop Crime Bill

Compiled by Our Staff From Dispatches

WASHINGTON — Senate Democrats and Republicans maneuvered Wednesday to find a way out of a political impasse that has blocked final passage of President Bill Clinton's \$30 billion crime bill.

Democrats say Republicans are stalling and trying to kill the bill because it includes a ban, strongly opposed by the National Rifle Association, on 19 types of semiautomatic assault weapons.

"It is clear that a substantial majority favors passage of the crime bill," the Senate majority leader, George Mitchell of Maine, said.

But Senate Republicans have claimed enough support to derail the measure if they do not get the changes they want in a House-approved version.

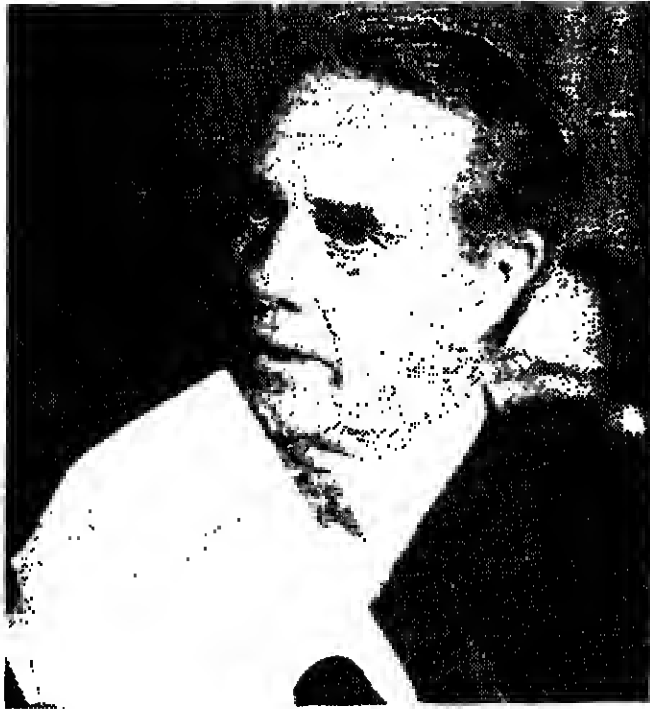
Republicans say they only

want to make the bill tougher and less costly. "We're prepared to move ahead," said the Republican leader, Bob Dole of Kansas, in a Senate speech Wednesday. "We think we can have a better crime bill."

A vote on the bill has not been scheduled.

On Tuesday, Mr. Dole outlined the Republicans' strategy to remold the legislation to their satisfaction. He said he had enough Republican votes to block the measure indefinitely on a procedural vote if the Republicans' changes were not adopted.

Mr. Dole released a letter signed by 40 of the 44 Senate Republicans saying they would support his procedural challenge "unless most of our concerns are resolved." With Mr. Dole, the prospective votes for the budget challenge added up to 41, enough to prevail.



The minority leader, Bob Dole, holding a letter from Republican senators who want changes in the crime bill.

BOMB: 2 More Russians Arrested

Continued from Page 1

of the element, can also be used to produce plutonium, but the technology is extremely complex. Plutonium-239 is the material in many forms of nuclear weapons and is one of the most toxic substances known.

Other officials said the most recent investigation began when 11 pounds of uranium-238 were discovered missing at Arzamas-16, a nuclear weapons design center in central Russia, about 400 kilometers (250 miles) east of Moscow.

Arzamas-16 is one of a network of closed cities built during the Soviet era for the research and development of

nuclear weapons. There is a 100-kilometer security zone around the city, according to Russian nuclear officials.

The announcement of the arrests came a day after specialists at Russia's leading nuclear research institute warned that security measures were insufficient at the country's nuclear sites and said that theft of nuclear material was possible.

Russian news organizations reported Wednesday that President Boris N. Yeltsin and Chancellor Helmut Kohl were expected to discuss the problem of illicit trafficking in nuclear substances during the Russian leader's visit to Germany next week.

CUBA: U.S. Readies Guantanamo

Continued from Page 1

"There will be no Cubans coming from Guantanamo to the U.S. to any other place."

The Senate Republican leader, Bob Dole, said the surge of boat people showed Mr. Clinton's detention policy was a failure.

"President Clinton's new policy punishes the wrong Cubans," he said, adding that Mr. Clinton should organize an all-coalition to push for Fidel Castro's ouster.

Mr. Clinton last week ended a 28-year policy of granting automatic political asylum to

Cuban refugees, ordering the Coast Guard to intercept Cuban boat people as it does Haitians and take them to Guantanamo.

The United States rejected Cuba's assertion that the only way to stop the refugee exodus was for Washington to hold direct talks with the Castro government on lifting the economic embargo against Havana.

"We see nothing to be gained" from high-level talks, Mr. Tarnoff said. "It should be clear after 35 years to Fidel Castro and his government that the way he has been managing the affairs of the island is a failure." (Reuters, AP)

COMPUTE: PC Price War Starts

Continued from Page 1

and the integration of IBM and Apple systems through the PowerPC chip that the two computer makers and Motorola Inc. jointly designed.

To most people, all this may seem like a battle out in cyberspace, but Mr. Michalski pointed out that in the computer business, "it is dog eat dog, and the low-cost producer wins."

He said the streamlined Compaq company had taken the opportunity "to pull ahead like a bike rider in the Tour de France, which leaves the others the choice of trying to catch up with him or hanging back and waiting for him to exhaust himself."

The risk for Compaq is that it will not sell out its heavy stock of 486 models and be stuck with them.

So far, the latest round of price cuts has not been extended to Europe or Asia, but analysts have said that Compaq is likely to initiate reductions next week, although probably less than its North American cuts.

Chris Fell, director of the European PC group at Dataquest

in London, said Europeans not only were buying more powerful machines but were loading up on more software as well.

If any company stands to gain by a price war, Mr. Fell said, it is Compaq, which has led European sales for two quarters. IBM, which ranks No. 2 in Europe but is fourth in the United States, is still losing ground.

In Asia, price competition has been stimulating sales of 486-based PC models, which have become standard because of their greater performance in Asian languages. Compaq and IBM entered Japan, the world's second largest market, with the first low-priced PCs in late 1992.

The NEC Corp., the Japanese market leader, joined in the price war, and the market jumped 15.2 percent in 1993 and 27.6 percent in 1994. IDC Japan Ltd., a unit of International Dataquest, forecasts that prices, which fell only 3.6 percent in 1993, are likely to fall 17 percent this year.

Erik Ipsen in London and Steve Brull in Tokyo contributed to this report.

Russia and Japan Plan Naval Tests

Agence France-Press

MOSCOW — Russia and Japan are planning a small-scale naval exercise on Sept. 14 in the Sea of Japan, the Itar-Tass news agency reported, quoting a Pacific Fleet spokesman.

The Russian side of the test will involve a logistics vessel, a rescue ship, a helicopter and an Antonov-24 airplane. Japan will take part with a helicopter-carrying patrol ship.

Russian-Japanese relations have been strained by a quarrel over four Kuril Islands off northern Japan. The Soviet Union seized the islands at the end of World War II and Japan demands their return.

SAUDIS: Islamic Forces Divided on Nation's Direction

Continued from Page 1

Court, sit "to the right of the line," according to one Saudi physicist.

The appointed members of these bodies act as intermediaries between the state and the younger Islamic generation that is pushing for power. That class of mosque preachers, judges and professors has spoken out more daringly against corruption and financial mismanagement since the Gulf War, which cost the kingdom \$65 billion, and has promoted an even stricter application of the Sharia, or Islamic law.

"They have a voice," a secular Saudi said. "They are the only lobby in the country. They are aggressive, obnoxious and very intimidating, and the government always succumbs to them. The liberals are all cowards. I am one of them."

An Islamist-oriented lawyer agreed: "The reason is not that the clerics were the only podiums available. The religious sector was the one that had more courage to take the risk and voice an opinion. Everyone is equally prohibited from demanding change."

Saudi groups in exile disavow militant piety or violence, but memories of the 1979 armed takeover of the Grand Mosque in Mecca by a fanatic claiming to be the expected mahdi, or messiah, linger.

Although calling for more openness and "human rights," reformers are seeking an even more puritanical application of Islamic rules.

A weekly newspaper called Al-Muslim — The Muslims — once flourished with a circulation of 170,000. That has now sagged to 20,000 after attacks from the pulpits on its secular views.

"This is a law within the law," said a U.S.-educated Saudi businessman who puts himself on the secular end of the social spectrum.

While one sector of society describes the fastidious enforcement of morality as "social and emotional terror," others contend it is their religious right and duty to propagate virtue and fight vice, and even to interrogate, detain and punish violators. The interior minister, Prince Nayif, said, however, that members of the *mudawana*, the religious police, who exceeded their limits were now being punished or fired.

"This country is hypocritical about its stability," a Saudi economist said.

A Saudi analysis said: "This is not a repressive society. This is not a tyranny like Iraq or Syria even, but people disappear."

Publications distributed from London by the Committee for the Defense of Legitimate

Rights describe scores of arrests without due process and the reimprisoning of clerics for sermons considered subversive.

The Saudi government has been quietly fighting extremism inside and outside its borders, and also attempting to block the use of Islamic charity organizations as channels for infiltration by militants.

"Ten major charities in Riyadh were suddenly dissolved and ordered to stop their activities by a direct order from Prince Salman, the governor of Riyadh," the Committee for the Defense of Legitimate Rights reported last month.

A lawyer in Riyadh said if preachers give sermons seen as politically provocative, they are dismissed. "Now people are censoring themselves," he said.

Last year, King Fahd created the Islamic Affairs Ministry so the state could better control and regulate the activities of Islamic preachers, charity organizations and universities, and streamline the work of mullahs whose mission it is to proselytize here and abroad.

"Societies that raise money from private individuals abroad cannot operate unless they have a license to do so," a Saudi official said. The move followed reports from Algeria, Sudan and Egypt that wealthy Saudis were financing extremist movements on their soil.

ISLAND: After Bullets and Ballots, the Sri Lankans Take a Shot at Peace

Continued from Page 1

instantly. The motive for the attack appeared to be the demands for compromise with the Tamil rebels that the Kumaratunga had made after founding a breakthrough political party.

After the assassination, Mrs. Kumaratunga rejoined the Sri Lanka Freedom Party that her father and mother both led to election victories in the past, and it was an alliance based on that party that won a narrow victory in last week's election.

The election was held virtually under martial-law conditions, with a round-the-clock curfew imposed by the old government as soon as the balloting on Aug. 16 ended, then extended through last week-end, in an effort to quell the shooting and bombing that have become the hallmark of Sri Lankan politics.

Many here feared that diehards in the United National Party government, in power for 17 years, would use the excuse of turmoil in the streets to try to hang on to power.

But there was also fear of the Tamil rebels. The group that Mr. Prabhakaran leads, the Liberation Tigers of Tamil Eelam, has carried out scores of assassinations, within their own ranks as well as among mainstream Sinhalese politicians.

Some of the killings have been in retaliation for the government's harsh prosecution of the war, such as when a bicyclist with a bomb strapped to his body rode into a May Day procession in Colombo last year, killing President Ranasinghe Premadasa and 23 others.

But those endangered by the Tigers also include politicians who have sought a middle ground. Mrs. Kumaratunga was said to have been on a Tiger death list during the election, and as a result, she was virtually invisible as she delivered campaign speeches behind a ring of government paratroopers.

But in making an end to the war a top priority, Mrs. Kumaratunga appears to be counting on a widespread war-weariness

among the mainly Hindu Tamils as well as among the predominantly Buddhist Sinhalese. Exhaustion and grief have combined with a disbelief that Sri Lanka has fallen so far.

Arab traders in medieval times knew the island as "Serendip," from which the word serendipity was coined. Sri Lanka, formerly known as Ceylon, has some of the world's most fabled beaches, deep jungles and forests that envelop the ruins of ancient Buddhist cities.

And partly as a result of the efforts of American and British missionaries who came during the 19th century, the island boasts a literacy rate of nearly 90 percent, the envy of most countries in the region.

But the war has engendered a culture of violence that has gnawed away much of the island's pride.

When the government agreed to an Indian plan for peace with the rebels in 1987, accepting a 50,000-strong Indian peace-keeping force and terms that would have granted the Tamils in the north wide autonomy, it sparked a wave of terrorist attacks by an extreme Sinhalese nationalist group, the People's Liberation Front.

By the time the Indian force withdrew in 1990, having lost 1,150 men in fighting the Tigers, Sri Lankan Army and police death squads had mounted a campaign of terror against the extreme Sinhalese nationalists that human-rights groups say may have killed as many as 60,000 people.

The levels of violence have fallen in recent years, but in Colombo and other cities businessmen, human-rights workers and politicians shelter in homes guarded by high steel gates and snarling guard dogs.

Most middle-class families have guns, and those who can afford them ride in heavily armored cars. Emigration has soared.

Those who hope that Mrs. Kumaratunga will change things note her party's election manifesto, in which it pledged to

seek unconditional talks with the Tigers and abandoned past government demands that the rebels first accept a binding ceasefire, surrender their weapons and agree that Mr. Prabhakaran will head their delegation. Those conditions, especially the demand for a personal appearance by the guerrilla leader, appeared designed to provoke rejection by the rebels.

Perhaps more important, Mrs. Kumaratunga pledged constitutional concessions that would seek to meet Tamil grievances against Sinhalese domination by shifting power from the central government in Colombo to regional authorities and by redrawing colonial-era boundaries so that Tamils in the Jaffna area and along the island's northeast coast would come under a single Tamil-led province.

Similar proposals have been floated before and founded. But at a news conference last Friday, the new prime minister implied that she might lift an embargo that has deprived the 600,000 Tamils of the Jaffna enclave of 42 basic commodities, including electricity, kerosene and batteries. "We normally try not to do meaningless things," she said.

Before her husband was killed, Mrs. Kumaratunga traveled with him to Madras, capital of the Indian state of Tamil Nadu, to meet Mr. Prabhakaran and other Tamil leaders, making her one of the few Colombo politicians with firsthand knowledge of the rebel leader.

Not everybody here is confident Mrs. Kumaratunga will succeed. "If she doesn't act quickly and decisively, she can quickly get overwhelmed," said Neelan Tiruchelvam, a lawyer who has been active in a moderate Tamil party, the Tamil United Liberation Front. "Within six months, disillusionment will set in, and she'll find herself back where the last government has been, prosecuting a very expensive war without prospect of a solution."

INTERNATIONAL CLASSIFIED

PERSONALS

MAY THE SACRED HEART of Jesus be adored, glorified, loved & revered throughout the world, now & forever. Sacred Heart of Jesus, pray for us. St. Jude, worker of miracles, pray for us. St. John, help of the hopeless, pray for us. St. Mary, ever virgin, pray for us. St. Peter, the rock, pray for us. St. Paul, the apostle, pray for us. St. Thomas, the doubter, pray for us. St. James, the just, pray for us. St. Philip, the gentle, pray for us. St. Andrew, the called, pray for us. St. Barnabas, the companion, pray for us. St. Timothy, the faithful, pray for us. St. Titus, the young man, pray for us. St. Philemon, the friend, pray for us. St. Onesimus, the slave, pray for us. St. Hermas, the shepherd, pray for us. St. Pius, the just, pray for us. St. Eusebius, the learned, pray for us. St. Valentinus, the martyr, pray for us. St. Agatha, the virgin, pray for us. St. Cecilia, the musician, pray for us. St. Barbara, the martyr, pray for us. St. Ursula, the virgin, pray for us. 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Bhutto Denounces A-Arms Warning

Pakistan Reasserts It Barred Nuclear Weapons Production

ISLAMABAD, Pakistan — Prime Minister Benazir Bhutto on Wednesday denounced as irresponsible the assertion by former Prime Minister Nawaz Sharif that Pakistan has nuclear weapons.

"It is a highly irresponsible statement," she told reporters in Karachi in her first comment on Mr. Sharif's warning on Tuesday that any attack on Pakistan by India could spark nuclear war between them. Both nations officially deny having the bomb.

Miss Bhutto would not elaborate. "I cannot comment on every irresponsible statement the leader of the opposition makes."

A Foreign Ministry spokesman said, "In the course of its development of a peaceful nuclear program, Pakistan has acquired the capability to acquire nuclear weapons, but we have made a sovereign decision not to produce them."

Mr. Sharif's statement, made at a rally in the Pakistani-held part of Kashmir on Tuesday, appeared to undermine Pakistan's long-standing denial that it possesses nuclear weapons.

Mr. Sharif, who was prime minister for 30 months until he resigned in July 1993, is now leading a campaign to topple Miss Bhutto.

"I confirm Pakistan possesses the atomic bomb," Pakistan Press International quoted him as saying. An Indian attack on Pakistan could trigger "a nuclear holocaust as both coun-

tries possess atomic bombs," he said.

Defense Minister Aftab Khan Mirani told the newspaper Frontier Post that Mr. Sharif's claim was "a childish act."

In Vienna, the International Atomic Energy Agency said it was unable to comment on whether Pakistan had an atom bomb because Islamabad does not allow inspections of its nuclear sites.

Pakistan, like India and Israel, has not signed the nuclear Nonproliferation Treaty or a safeguards accord that lets the atomic energy agency verify an inventory of a state's declared nuclear materials.

India on Wednesday demanded international action to halt Pakistan's alleged nuclear weapons program. A Foreign Ministry spokesman said Mr. Sharif's declaration had confirmed New Delhi's fears about a Pakistani threat to regional stability.

"The curtain of ambiguity about Pakistan's nuclear program has fallen off," he said. "It is a matter of grave concern that Pakistan is actively pursuing this nuclear weapons program and is clandestinely procuring materials in this regard as is evident from recent reports."

He was referring to a consignment of plutonium seized last week in Germany. Officials in Berlin said they believe the material may have been bound for Pakistan.

Pakistan has denied any link to the plot to smuggle plutonium from Germany.



ON TRIAL — Roh Soh Yeong, daughter of South Korea's former president, Roh Tae Woo, appearing in a Seoul court Wednesday to face currency smuggling charges, which she and her husband denied. They were convicted last year of breaking U.S. currency laws.

Reports of Tensions in North Korea

Compiled by Our Staff From Dispatches

SEOUL — German diplomats have confirmed the existence of leaflets in North Korea calling for the overthrow of the government, a sign of opposition to the succession of Kim Jong Il as president and party leader.

The German Foreign Ministry quoted a German diplomat in Seoul as saying that "quite a number" of the leaflets had been found in the gardens of embassies in the diplomatic compound in Pyongyang, the North Korean capital. The ministry said its envoy had not seen one himself.

The South Korean press reported that leaflets opposing the succession of Mr. Kim, 52, the son of President Kim Il Sung, who died July 8, had been scattered around the diplomatic compound last Friday.

One unidentified Western diplomat in Seoul was quoted as saying that the North Korean authorities had gone on special alert since the incident and were in a state of "utter tension."

A North Korean radio commentary on Sunday hinted at opposition to the succession. It said the country's revolutionary work should not end with just one generation.

Mr. Kim has not been seen in public since his father's funeral

on July 20. He looked ill, and there were numerous reports that he was too sick to take full command of the government.

Observers are also puzzled about why Mr. Kim has not yet formally assumed the nation's presidency and leadership of the Korean Workers' Party, titles that his father held.

South Korea said Wednesday that it was concerned by indications that Mr. Kim was facing problems consolidating his power.

President Kim Young Sam said Tuesday night there had been several "significant movements" in the North. "Our people should be well prepared to cope with any eventuality," an aide quoted him as saying.

"It appears that the power transfer in the North is not pro-

gressing well," the aide said. The government is concerned about prospects of instability in the North.

Pyeongyang's official daily Rodong Shinmun stressed unity and Mr. Kim's leading position in an article on Wednesday.

"Our integral whole has not been broken up or shattered to pieces," it said, "but has been further consolidated even in the bitterest grief at the death of the Great Leader Kim Il Sung."

It repeated previous assertions that Kim Jong Il was "firmly standing at the head of the party, the state and the revolutionary armed forces."

"No force on earth can break this integral whole in which the Great Leader and the people

share the destiny all the time," it added.

Japan's Kyodo news agency quoted Yevgeni Bazhanov, deputy head of the Russian Foreign Ministry's Foreign Affairs Academy, as saying in Tokyo on Tuesday that he believed a power struggle was going on over the succession and that the North Korean government would eventually collapse.

It said he based his prediction partly on information from Korean residents in Russia.

Mr. Bazhanov cited the existence of reformists in the government, pent-up popular dissatisfaction, pressure from foreign countries, including China, for reform, and a severe economic crisis.

(Reuters, AP)

Japan Offers Aid to Atone for 'Comfort Women'

Washington Post Service

MANILA — Japan on Wednesday proposed setting up women's vocational training centers as an indirect way to atone for having forced thousands of Asians into prostitution as "comfort women" during World War II, but Philippine victims of the sex slavery rejected the idea.

The proposal was made by the Japanese prime minister, Tomiichi Murayama, in a meeting with President Fidel V. Ramos.

According to a Japanese spokesman, Mr.

Murayama told Mr. Ramos that his new coalition government in Tokyo was "at present considering seriously" how best to express its "apology and remorse on the issue of comfort women."

Mr. Murayama added that the government was now ready to help establish women's vocational training centers "in a framework of economic cooperation."

An estimated 200,000 women were forced to work as prostitutes for the Japanese Army during World War II.

EUROPEAN TOPICS

Norwegian Medicine: Slapstick or Surgery?

It was like something out of a Buster Keaton film, but it really happened and it was not funny. In the middle of an operation in a Norwegian hospital, the table suddenly collapsed, and only the quick reactions of doctors and nurses saved the anesthetized patient from hitting the floor. Such mishaps, reports Der Spiegel of Hamburg, are increasingly common in the Norwegian health-care system.

Ullevål Hospital, Oslo's biggest, has had to close whole wards in wintertime because its antiquated heating system is barely able to keep temperatures above freezing. In Trondheim, 73 cancer patients had to wait up to three months for operations. "People with good chances of survival," said the lung specialist Einar Gloersen, "are being left waiting until it is too late to do anything."

Part of the problem, ironically, is the ambitious reach of Norway's health-care system. The country, with only 4.2 million inhabitants, boasts 84 full-service clinics. Even small, remote clinics are equipped for rare and complicated surgery. Costs are high. And the country has a serious budget deficit. The government says it will issue a report next month outlining measures to restore trust in the medical system. But many Norwegians are not waiting. More and more are traveling to Germany, England or Sweden for operations.

Around Europe

Saving wildlife from man's depredations can be a complicated affair. Natural hab-

itat has been steadily reduced and divided by highways and rail lines. Animals have trouble reaching feeding grounds; their genetic pools are sometimes reduced, leading to mutations; and sometimes, because they are separated from traditional predators, overpopulation results. So in France, the highway and national railway authorities have spent millions of francs to build 130 passages over highways and high-speed-train tracks.

But just because you build it does not mean they will cross. As the daily Liberation reports, 72 percent of the passages are not used at all — or if they are, it is by cyclists and hikers, whose presence scares away those animals not already frightened by the lights and noise of passing cars or trains.

Enter Pierre-Marie Thauvin, a most creative Parisian. An imitation tree trunk he has devised has a movable covering of bark on one side, liberally coated with pine tar — and when bear come to rub against it, as they love to do, a distributor on the other side releases more pine tar, for the bear, or salt, for deer. By gradually moving these trunks nearer to the passageways, Mr. Thauvin hopes to persuade game to use them.

Highway authorities are waiting for test results before investing in the Thauvin trunk.

The Finnish government wants women in its armed services to receive combat training. Defense Minister Elisabeth Rehn says that all female soldiers aged 17 to 19 should be instructed in the use of arms; the proposal requires parliamentary approval. There are now about 400 women in the Finnish military, all of them volunteers.

Brian Knowlton

A Typhoon Devastates Eastern China Province

BEIJING — The prosperous eastern Chinese province of Zhejiang has been devastated by a typhoon, which killed at least 1,000 people in the city of Wenzhou alone, municipal officials said Wednesday.

The province as a whole faces economic losses that provisionally top \$1 billion, officials said. Officials in Wenzhou reached by telephone said 771 people were confirmed dead in the greater metropolitan area, with at least 490 people missing.

"Of the missing, I guess we won't be able to find 300 or so," said Chen Weiguang. "This was our worst storm in 160 years."

He said the figures were certain to rise since three of the worst-hit counties in Wenzhou had not yet reported in.

A small island in the coastal municipality was completely swallowed by the raging tides.

Mr. Chen said he did not

have an estimate of the number of people seriously injured by the typhoon; designated Fred, which roared through Zhejiang over the weekend, causing some of the highest tides in 20 years.

Provincial officials could not give accurate casualty figures on Wednesday for the province as a whole, saying that about a quarter of the province's 42 million people had been affected by the storm.

High winds and pounding rains destroyed farmland, collapsed thousands of houses, cut electricity, ruined roads and forced thousands of factories to shut down. About 700,000 houses were damaged.

The Wenzhou airport will be closed for at least 15 days because equipment was destroyed, officials said.

More than 2 million people are surrounded by flood waters, and 560,000 have been evacuated to safer areas.

Japan Airlines' new direct service to Osaka takes off September 4th.



And again on the 5th, the 6th and the 7th...

In fact, we fly direct from Europe to Japan's second largest city daily. Four from London Heathrow plus a further three from Paris. This makes us the most frequent carrier to Japan's newest international

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hub airport. Which is excellent news for JAL Mileage Bank Europe members, who can collect a bonus of up to 10,000 mileage credits for a round trip to Osaka.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Stop Punishing Cubans

President Bill Clinton's abrupt reversal of 28 years of Cuban refugee policy last Friday looked clumsy enough, but over the weekend he made it worse. Seeking to punish Fidel Castro for unleashing the latest refugee tide, Mr. Clinton ended up also punishing ordinary Cubans. He cut off all cash support from their relatives in the United States, rather than the 50 percent cut originally announced. By raising the temperature on Cuba when it should be trying to cool it, the administration could yet convert a rhetorical emergency into a real one.

The package of pressures the president unveiled on Saturday did include two legitimate spurs to greater freedom in Cuba — increased radio broadcasts and a new United Nations initiative on human rights. It also included a cutoff of charter flights from the United States — unwise, since Cuban freedom is served by more contacts with Americans, not less.

The administration suspended the payments because they not only help stretch family budgets but also provide hard currency to Havana as recipients exchange their dollars for goods in special government-run stores. The policy seems designed to bring Cuba to a political boil by closing off the refugee safety valve and driving down living standards. Presumably that will hasten a popular revolt, but this course entails a pointless risk to the Cuban people since the Castro regime is already withering.

Even in decline, Mr. Castro has again shown his uncanny power to get Washington to tie itself in knots. Following a familiar pattern, the United States is overreacting to his provocations and letting domestic politics distort foreign policy priorities.

In any rational calculus, Mexico, with its 92 million people and a North American Free Trade Agreement, should be the administration's main Latin concern

after a critical and tense election. Instead all eyes are fixed on Cuba and continuing efforts to contain the refugee crisis, promoted in one frantic day by Attorney General Janet Reno from non-problem to national emergency.

The Clinton administration's new offensive against Havana is supported by Cuban-Americans, who were upset when Washington reclassified those who risk their lives to flee Mr. Castro's economically battered police state as "illegal immigrants" rather than refugees from tyranny. They believe the time has finally come to get rid of the Castro regime, and inflicting increased short-term pain on Cuba's people seems worth the long-term gain.

The voice of a million Cuban-Americans should be heard, but it should not be allowed to drive U.S. policy against humane values and larger national interests. Those values weigh against punishing innocent victims, and those interests do not include detonating a large explosion in the Caribbean.

Discontented Cubans do not relish rising up only to be moved down by a totalitarian regime. They would rather get out and start anew somewhere else. It is unconscionable for Washington to tell them, in effect, no, we will lock you in until you revolt.

Getting rid of Fidel Castro is a job for the Cuban people themselves, not for the U.S. government or Miami exiles. This Cold War orphan can still annoy the United States but poses no serious threat. Instead of gearing up for another round of sterile confrontation, Washington should be spelling out what Cuba could gain, under this regime or a successor, by embracing democracy and respecting human rights. That, rather than increased hunger and misery, might encourage those Cubans who remain in Cuba to work for political change.

—THE NEW YORK TIMES

Antiquities: A Correction

In an editorial yesterday, we wrongly cited the Metropolitan Museum of Art as the owner of two antique treasures that were returned to Turkey on Aug. 14, some years after that country's government protested that they had been illegally exported. The contested pieces had not been the property of the Met but of two different private galleries in New York, both of which agreed, after years of disputes including an investigation launched by U.S. authorities at Turkey's request, to send the antiquities back to their point of origin. We heard on Tuesday from Metropolitan Museum President William Luers, who also took exception to our description of a previous return of a contested cache of antiquities to Turkey, in a settlement of the long-running "Lydian Hoard" case, as forming a legal and psychological precedent that is making such returns of antiquities more acceptable.

Mr. Luers points out that the purpose of the Met in reaching a settlement of the Lydian Hoard case was to avoid creating a specific legal precedent that would speed such returns of antiquities as a matter of general principle. The Met's executive vice president and counsel to the trustees, Ashton Hawkins, notes that among the legal issues still to be settled in this developing area of law is whether Turkish laws against the export of cultural patrimony, in force since the early 1970s, can be treated as the equivalent of, say, U.S. laws against simple theft.

The significance of the return for observers, however, is another matter. Many other museums are watching these cases with urgent interest, since many American (and, for that matter, European) collections include objects whose exact provenance is murky.

The struggle over the Lydian Hoard spanned decades, during which international treaties on the export and repatriation of treasures altered dramatically. The shift in perception created by the Lydian return, Mr. Hawkins says, was not so much in the eyes of museum management — since "everybody has his own case, and the facts are always different" — as in the expectations and confidence of those making the claims, the Turkish government prominently among them.

The more recent return was accomplished similarly, without actually going to trial. One of the gallery owners under challenge agreed to donate the contested statue to a Turkish-American foundation, which then passed it on to Turkey, an innovative compromise that falls short, again, of legal resolution but could herald other such adjustments. Mr. Hawkins stresses that the Met, long enmeshed in these cases, is "looking forward and not backward on this" and feels it has made progress. The Lydian Hoard event, which he says satisfied both sides, was certainly a turning point. Its long-term effects, though, legal and otherwise, remain unclear.

—THE WASHINGTON POST

The Vaccine Debate

Shortly after President Bill Clinton took office, his administration announced that it would provide free vaccinations for all youngsters — rich, poor and in between. The goal was laudable and sounded simple. But the administration's attempts to reach it have been tortured beyond belief.

During the cramped Reagan years, the price of vaccine went up and federal funding for childhood immunization went down. Congress, and eventually President George Bush, pushed for more money. The 1991 Dallas measles epidemic proved a cautionary tale — 95 percent of the sick children had not been vaccinated because they were too young for school enrollment and their health providers did not have enough free vaccine for everyone. Nevertheless, arguing that vaccines should not be given away to more affluent families, Congress scaled back the Clinton proposal, providing free vaccine only to low-income and uninsured children.

Unfortunately, Congress did not specify how the vaccine should be distributed, planting the seeds for trouble. The administration, having predicated

part of its free-vaccine argument on the "greed" of the pharmaceutical industry, proceeded to demonize an established, largely private delivery system that was working just fine. The government would instead establish a national warehouse, to store and distribute vaccine.

This week the administration dropped its plans for the warehouse — in the face of thoroughly plausible testimony from members of Congress, drug company executives, federal auditors and many state officials that the Public Health Service simply did not have the ability to distribute vaccine to tens of thousands of private doctors on schedule. So far, the government is out about \$700,000, money that might more credibly have been spent on other aspects of disease prevention.

Some officials recklessly advertised the vaccine distribution program as a dress rehearsal for their efforts to restructure the entire health care delivery system. That was unfortunate. The larger goal of health care reform should not be made to suffer from one silly but correctable blunder.

—THE NEW YORK TIMES

Risky Pressure on Cubans, Not Exposure to Freedom

By Jim Hoagland

WASHINGTON — In the Cold War the United States and its allies used the free movement of people, ideas and nonstrategic goods to undermine communism's closed societies. But on Cuba the United States has ignored that lesson. Washington fights tyranny there by enclosing the island and its people ever more tightly in a dictator's grasp.

Over the weekend President Bill Clinton decided to pursue America's longstanding campaign of isolation against Cuba with a new ferocity. His abrupt reversal on refugee policy now traps even the people who flee the island.

The abrupt changes in U.S. policy on Cuba fly in the face of history, logic and compassion. Openness — to refugees, political evolution and cross-border travel — helped bring down Soviet totalitarianism. Openness is also the best course in combating Fidel Castro's tyranny.

Mr. Clinton's temptation to squeeze Mr. Castro until the pips squeak is understandable. Mr. Castro is tottering. Getting credit for toppling him would shut down the right wing's attacks on Mr. Clinton's foreign policy for at least two days.

The harsh new economic sanctions, cutting off hard currency and goods sent by Cuban-Americans and most charter travel to the island, provide political cover against criticism that Mr. Clinton's refusal of immediate asylum in America to Cuban refugees did nothing to punish Mr. Castro.

But, as he has done in Haiti, he makes living in Cuba more miserable and then refuses to take in those who flee the conditions that American policy exacerbates. Overnight Mr. Clinton abruptly substituted "demagnetization" of the United States and its borders for containment of communism as the guiding principle of policy toward Cuba.

In a sense, the president is gambling that public concern about communism, the allegedly inconsistent Mr. Clinton is consistent in shaping policies which reflect that the Cold War has ended psychologically and politically as well as militarily.

His removal of most favored immigrant status from Cubans is also a removal of Mr. Castro's special demon status. As of last Friday, when Mr. Clinton announced the change in policy, Mr. Castro is just another two-bit local dictator, on a par with Haiti's Raoul Cedras. Without a tripwire reaching back to Moscow, Cuba is for the first time in 34 years not a national security threat to the United States.

White House aides explicitly equate Cuba and Haiti. They tell reporters that prohibitions against taking boat people from either island are an attempt to "de-

magnetize" the United States and prevent Florida and other Sun Belt states from being overrun by economically desperate people from the south.

But that is where the new policy fails in compassion and logic. The burden of suffering falls on the already abused people of the two states, not on the entrenched and corrupt leaderships. If there is logic to simultaneous harsher embargoes and the shutting off of refugee flows, it lies in an unwavering hope that the sanctions will provoke public uprisings that will oust Mr. Castro and General Cedras, with no costs in (American) lives.

But Cuba is not Haiti, or just another version of Latin American dictatorship. Cuba today should be seen as part of the flotsam and jetsam of the breakup of world communism. These rotten little regimes — in Cuba, North Korea, Syria and elsewhere — have been stranded by the Soviet collapse and live on borrowed time.

To buy a little more time, some (Syria) try to ingratiate themselves. Others (North Korea) try to intimidate the great powers. In Syria and North Korea, President Clinton (rightly) attempts to seize the opportunity to influence transitions in the remnants of the Soviet empire.

History argues for greater involvement in Cuba's immediate fate, not a shutting off of almost all American contact with the island at this crucial moment.

In the summer of 1989, as large num-

bers of East Germans began to flee the pressure cooker that their Soviet-created nation had become, West German Chancellor Helmut Kohl and East German President Erich Honecker made conflicting decisions that set in motion the destruction of world communism.

Mr. Kohl decided to reach out a helping hand to the Germans who were fleeing to the West through Hungary and Czechoslovakia in growing numbers. Mr. Honecker panicked and sealed East Germany's borders. To shut off the migration west, he forbade East Germans to take their vacations even in other Warsaw Pact nations. That decision triggered popular demonstrations that led to the crumbling of the Berlin Wall.

This summer the script is reversed. Mr. Castro has been letting the steam off by letting disaffected Cubans leave the island prison that his misrule has created. He now has an American president to blame for Cubans not being able to join their families in America and for the worsening of the already desperate economic conditions on the island.

Shutting off all the escape valves of the pressure cooker is high-risk, short-term policy. Mr. Clinton's gamble on Cuba must work quickly if it is to work at all. If it does not, he will be obliged to return to the slower, steadier erosion of tyranny by exposure to freedom.

The Washington Post

Who Will Have the Political Courage to Call This Nonsense Off?

By William Pfaff

PARIS — Only a truly innocent man could say, as Bill Clinton said on Aug. 19, that all the United States wants for Cuba is that it be swept up in the hemispheric wave of "democracy and freedom."

President Clinton surely wishes Cubans well, but history contradicts him. The historical American relationship to the Cuban nation has been anything but a struggle for Cuba's liberation. The events of recent days are a Cuban revenge for that history.

Fidel Castro has a victory. He has compelled Mr. Clinton to reverse an American policy that, since the Cuban Refugee Act of 1966, gave automatic U.S. entry to anyone leaving Cuba. Mr. Clinton now is sending refugees picked up at sea to Guantanamo, the U.S. naval base in Cuba, and putting those who reach the United States into camps. This is a comprehensive response to the anxiety of Floridians and others over the new and deliberately provoked refugee flow, but it is nonetheless a U.S. humiliation.

It is the latest event in America's 35-year obsession with Fidel Castro that produced the Bay of Pigs debacle in 1961 and the collaboration of the U.S. government with organized crime in a series of increasingly grotesque projects for Mr. Castro's murder.

Defenders of the Eisenhower and Kennedy administrations would claim the Cold War and Fidel Castro's alliance with Russia as justification for those actions. But that does not explain the emotional intensity in this struggle between the most powerful state in the world and one of the weakest. That belongs to the realm of political pathology.

The practical effect of U.S. policy in the 1960s was to make Fidel Castro a figure of world consequence and Cuba a power in Latin America and Africa.

No administration since John Kennedy's has had the political courage to call this nonsense off. When Bill Clinton was asked at his Aug. 19 news conference why the embargo on Cuban trade — which has made life miserable for ordinary Cubans, without other evident effect — should continue while he and his predecessors have traded with China and other

regimes with human rights records worse than Cuba's, his answer was the lame "I think the circumstances are different."

Indeed they are. Elements in both Cuba and the United States repeatedly tried during the early 19th century to bring Cuba into the United States as a slave state. Presidents Polk and Buchanan tried to purchase Cuba (as Grant and McKinley tried later). Under the presidency of Franklin Pierce, when a reforming Spanish captain-general called for a ban on slavery in Cuba, there was a plan to seize the island.

The U.S. public and government supported later Cuban uprisings against Spain, and in 1898 the U.S. invaded Cuba to free it. The result was Cuba's attachment to a new empire, that of the United States.

The operative change in the American conscience is best seen in William McKinley, who had said in his 1897 inaugural address that "we must avoid the temptation of territorial aggression." A year later, finding the United

States in possession of Spain's Caribbean and Pacific possessions, by his own account he fell to his knees in search of divine guidance, and in the early hours of the morning heard the voice of God instructing him to annex the Philippines, Puerto Rico, Wake Island and Hawaii followed.

Cuba was not annexed, since the justification for the Spanish-American war had been Cuban independence. When a republic was at last proclaimed, in 1902, ending U.S. military occupation, Cuba's constitution incorporated the notorious Platt Amendment giving the United States a permanent right to intervene, and the United States was awarded the extraterritorial naval base at Guantanamo Bay.

The Cubans rebelled against this arrangement, and the United States reoccupied the island between 1906 and 1909. American troops went back again in 1912 when black Cubans rose up against racial discrimination. The Platt Amendment was finally revoked under the Roosevelt administration in 1934, but by that time Cuba was under the corrupt control of the first of

two despots who ruled it from 1928 to 1959. The second of these, Sergeant (subsequently General) Fulgencio Batista, was overthrown by Fidel Castro.

If democracy is indeed sweeping the Western Hemisphere, as Mr. Clinton says, part of its task must be to transform the inherited U.S. attitude toward Cuba. Economic boycott by the Clinton administration, with naval blockade perhaps to come, is a direct continuation of the U.S. policy of Cuban intervention that began when the Maine was blown up in Havana harbor in February 1898.

One would think it time for a change. Mr. Clinton claims that democracy is sweeping the Caribbean. In Haiti? In the Dominican Republic? Who will follow Fidel Castro? Will the future really bring Havana something better than the squalid coincidence of Cuban and U.S. commercial and criminal interests that prevailed before 1959? A Cuban song of the 1950s lamented, "The roads of my Cuba never lead where they should."

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Mexico Risks Bloodshed After an Election for More of the Same

By Dick J. Reavis

MONTERREY, Mexico — During the terms of Mexico's last two presidents, the purchasing power of consumers has declined by 60 percent, unemployment has doubled, emigration to the United States has not abated and nearly a quarter of the work force has taken to moonlighting, or to bawling cheap wares on the streets, in a struggle to survive.

On Sunday, three major presidential candidates stood before the electorate. Cuauhtémoc Cárdenas of the leftist Party of the Democratic Revolution promised economic justice for the peasants. Diego Fernández de Cevallos of the National Action Party, a right-of-center group, promised to throw out the crooks who have

been running the country. Ernesto Zedillo Ponce de León of the ruling Institutional Revolutionary Party, which has monopolized the presidency since 1929, promised only more of the same.

Yet partial tallies give Mr. Zedillo 50 percent of the total, with Mr. Fernández at 27 percent and Mr. Cárdenas at 17. If democracy means that voters seek self-interest, what happened?

Jorge Castañeda, a political scientist and leading critic of the PRI, says he is not quite sure. "There was a lot of the traditional, retail vote peddling," he told me. "But I think that the results reflect the will of the people."

Most watchdog organizations

are indicating that the election was probably the cleanest ever in Mexico. But Eduardo Argüjo Baldenegro, a 38-year-old engineer, is not buying that. He was the mayoral candidate of the Party of the Democratic Revolution in Villa de Guadalupe, a small town of adobe walls and peccan orchards in the state of Nuevo León.

The most striking exhibit for Mr. Argüjo's case is a pair of brown leather work shoes, shiny new, wrapped in a plastic bag emblazoned with the emblem of the PRI. The manufacturer's marking on the thick soles has been buffed away so that their origin can't be traced.

"These shoes were given to

people in this district so that they'd vote for the PRI," insisted Mr. Argüjo, who narrowly lost the mayoral contest in 1991 to the PRI candidate.

On Sunday, nearly 90 percent of the town's eligible voters showed up at the polls. Shortly before midnight, local election officials told Mr. Argüjo that he had lost by about 250 votes.

On Monday, he had his followers demonstrated outside the town's Office of Electoral Affairs. That night they were rewarded: the vote was annulled on account of electoral fraud.

Mr. Argüjo's crusade proves that in Mexico, where crooked victories are sometimes bargained away, the electoral curtain may not fall for weeks to come. Still, Mr. Zedillo's ascension to the presidency is assured. And the real loser will be the organized left.

That bodies ill for the country.

Mr. Cárdenas called his supporters to town squares across the nation at noon on Monday, urging them to contest election results in their hometowns. Fewer than 50,000 supporters answered the call in Mexico City, a mere fifth of the crowd that Mr. Cárdenas drew there two weeks ago.

When the meeting ended, Mr. Castañeda, who was present, told me, at least a thousand people were recruited to sessions organized by armed groups that claim alliances with the guerrilla leader in Chiapas, Subcomandante Marcos. These people have no stake in the peaceful reordering of things. Mr. Zedillo is not the

only beneficiary of Mr. Cárdenas's faltering strength. Subcomandante Marcos is smiling, too. Mr. Cárdenas is a unique figure in Mexican politics: a man with moral authority. Yet his poor showing this year may fatally undermine his standing. To stay relevant, he must become Mexico's Martin Luther King Jr. — he must start a nationwide wave of nonviolent civil disobedience against the PRI's electoral and political abuses.

If he cannot or will not lead his followers into the streets, the armed radicals on his left will step into the vacuum created by his political demise, as the Black Panthers did when Mr. King was assassinated. A wave of violence and repression will begin. The reputation of Mexico's government and its opposition will be bloodied.

Only one person, a Mexico City resident named Eduardo Rosas, was arrested for an electoral crime on Sunday. According to the authorities, he walked into a polling station, took his ballots and tore them up. Destruction of electoral materials is a crime.

The government says Mr. Rosas was drunk. But, like the millions of Mexicans who cast their ballots, he may have done all that he could to stop the carnage that lies ahead.

The writer is author of "Conversations With Mexico: Ancient Shadows Over Modern Life in Mexico." He contributed this comment to The New York Times.

A Lively Few Days at Castel Gandolfo

By Lally Weymouth

CASTEL GANDOLFO, Italy — It was, in short, a Renaissance weekend, papal style. For three days, Pope John Paul II hosted a gathering of Polish, American, German and French intellectuals, plus a few European politicians, at his summer home here.

During the days, the Pope, attended seminars at which the scholars and politicians presented and debated papers. At lunch, he talked a little about what was on his mind: Yugoslavia, for example, which he called an "artificial" state and likened to the Soviet Union.

The subject of the symposium here was "identity." During the discussions, the Pope sat slightly apart at a small wooden table, listening intently.

Krzysztof Michalski, director of the Institute for Human Sciences in Vienna, which had organized the gathering, explained that with the Soviet Union gone, "it's necessary to search for a new order." What he did not say, except by implication, was that the collapse of communism had rendered it crucial for the Catholic Church to seek a new role, especially in Poland and other countries previously under Communist rule.

Bronislaw Geremek, the former Solidarity leader, talked about Poland's request to enter the European Community. An expert on Islam, Bernard Lewis, presented a paper on how the Islamic world has addressed the question of identity.

Also present was Father Josef Tischner, a professor of philosophy in Poland and an old friend of the Pope's from Krakow. It was Father Tischner and Mr. Michalski who developed the idea of bringing Western intellectuals together with thinkers who lived behind the Iron Curtain. This was in the 1970s, and the first such effort took place when Karol Wojtyla, now Pope, was Krakow's archbishop.

He sent out letters inviting academics to come to Krakow, thus giving the affair a religious cast that helped disguise its political character.

The 1989 meeting came at a crucial moment for the Polish resistance: Solidarity leaders had to decide whether to form a Solidarity-led government. It was not an easy choice. Solidarity was a minority in the Polish Parliament, General Wojciech Jaruzelski remained in the post of president, and the interior and defense ministries were to remain in Communist hands.

The Polish resistance leaders were able to discuss their dilemma with the Pope at that 1989 session. He reportedly urged them to seize the moment.

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OPINION

The Gridlock Doesn't Stop At the Washington Beltway

By E. J. Dionne Jr.

WASHINGTON — For the Clinton presidency, the past week was a very big deal, to use one of the president's favorite phrases. There were lessons all around. The problem is that the lessons are contradictory. Advocates of utterly discordant agendas will say that the doings around the crime bill "prove" whatever point they are trying to make. But beware of all the dogmatic conventional wisdoms busy being born. The real problem in Washington at the moment is that the American electorate has not figured out its own mind.

That will not stop the theorizing. It will, for example, be said that passage of the crime bill with 46 votes from mostly moderate Republicans shows the importance to Bill Clinton of reaching out to the other party for support. That is true. But it is also true that by attacking the Republicans for working at first to kill the crime bill, the president scared some of those moderates back into negotiations. Many in their ranks did not want to be blamed for gridlock, especially on an issue as important as crime. A little partisanship helped breed a little bipartisanship.

There will be much talk of governing from the center and how the final crime deal proved that could work. Well, maybe. But the initial crime bill that went down was in many ways a classic in centrism, Clinton-style. It tilted "right" on values and rhetoric (three-strikes-and-you're-out, new death penalties) and "left" on federal spending (for 100,000 cops, more prisons, the prevention programs). For good measure, it included a way for Mr. Clinton to take his stand against "special interests" by supporting an assault weapons ban over the objections of the National Rifle Association.

This formula is supposed to bring right and left together. But the first time around, parts of the left rebelled against the death penalties, most of the Republicans rebelled against the spending, and conservative Democrats preferred to stand with the NRA and aim their fire at Mr. Clinton. Instead of broadening the center, Mr. Clinton and the House leadership shrunk it.

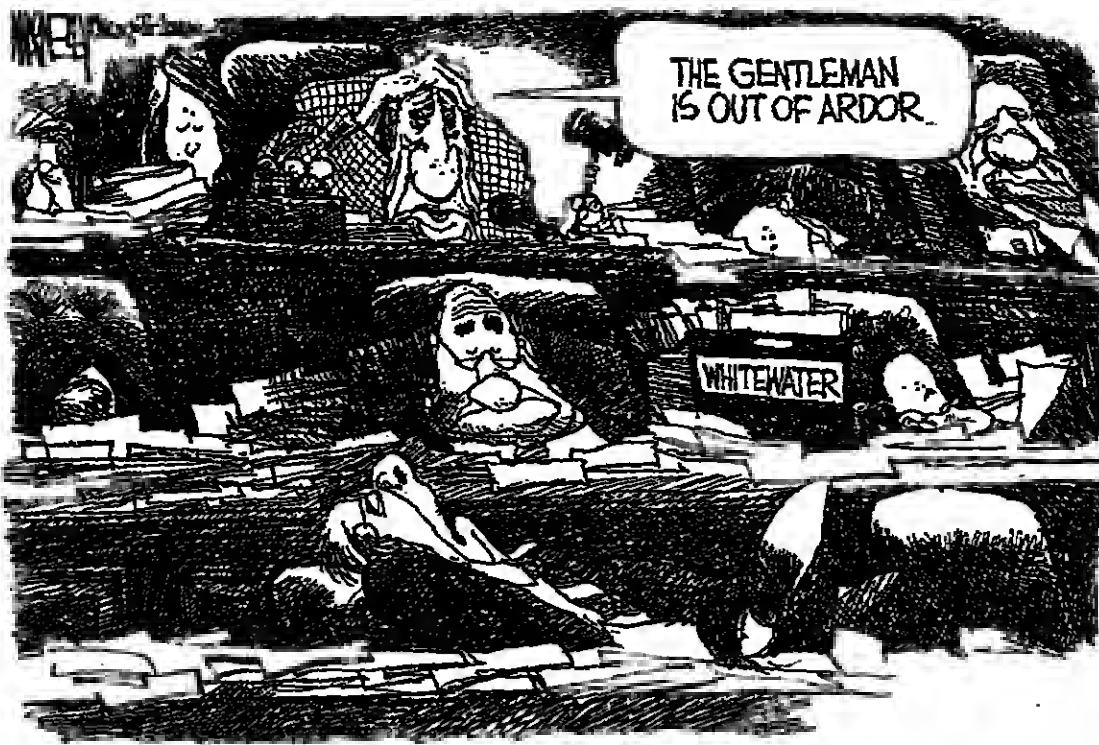
But wait: Do not conclude that the Clinton approach is hopeless. On the contrary, when a few days were adjusted during all-night negotiating sessions last weekend, the old engine came back to life. The center reappeared, for a moment, at least.

There is a reason that dogmatic pronouncements about Washington are both popular and mostly wrong these days. Many would like to offer some sweeping explanation of just why things here seem so strange. But that very strangeness is the product of contradictory political forces that neither Republicans nor Democrats have mastered.

The heart of the problem is that the electorate is sending a steady stream of confusing signals. It continues to be skeptical of government and yet wants government to do more. Majorities tell pollsters that they long for bipartisan concord, yet wonder if bipartisan deals are not just politicians' plots.

In any event, who can afford to be bipartisan when "passionate" subgroups (who vote in large numbers) punish any sign of weakness on issues such as gun control or the death penalty? Voters seem to want Mr. Clinton to be both more conciliatory — to rise above partisanship — and also tougher and less compromising. They want government to do it all on health care (i.e. guarantee everyone coverage), yet fear that their own health care will be wrecked if the government does anything.

An uncertain public creates edgy politicians who are always wary of putting a foot wrong, yet are always hoping to find opportunities to tilt public opinion their way. This puts a premium on symbols.



One negotiator on the crime bill commented over the weekend that many of the issues at stake, especially the money issues, were easy enough to settle. Republicans mostly knew that not all of the social programs in the crime bill were junk — a lot of them had enjoyed Republican support. Democrats mostly knew that there were places where spending could be cut. But the political stakes had become so high that the negotiations were almost entirely about postures and appearances. Republicans who wanted to switch needed to get something to justify

their switching; Democrats needed to give the Republicans their justification without seeming to cave on the essentials (which, mercifully, saved the assault weapons ban).

Episodes such as this one feed the public's sense that so much of what happens in Washington has more to do with partisan politics, narrowly conceived, than with the problems supposedly under discussion. Yet voters also need to hold themselves accountable for their role in creating this mess. Politics is about choices. Professional politicians are paid to make them on behalf of majorities.

At That Moment in Paris We Were the Finest of All

By John C. Ausland

OSLO — As Aug. 25, 1944, dawned, the U.S. 4th Infantry Division found itself in a bivouac just south of Paris. Orville Schroeder, my communications sergeant, brought me out of a deep sleep by shaking me and saying, "Wake up, Captain Ausland, we are going to go take Paris."

A few hours later I found myself driving in my jeep through throngs

forward. People would crowd about and onto our vehicles. Women, men and girls flung their arms about us, insisting on kissing us on both cheeks. Mothers held up their babies for us to kiss. We were literally showered with fruit of all kinds, wine and flowers until our vehicle resembled a garden.

At street intersections the crowd was so thick it was impossible to move forward, with the street solid with people as far as the eye could reach. We moved only with loud use of the horn and insistent urging.

There were thousands of pretty girls, all dressed in their Sunday best. It seemed to me I'd never seen so many beautiful women. Until they spoke, one would think he was in America.

At last we stopped and set up our headquarters in an ex-German Army building. The people crowded about the gates to watch these Americans. It was impossible to work because of the kisses, handshaking and shouting. Our men were having a wonderful time.

That night there was singing, drinking and dancing until the wee hours of the morning. The hardships of occupation were forgotten, though it was difficult to convince them that the Americans, unlike the Germans, would permit them to dance, collect in crowds and enjoy themselves.

It was a big moment in the city's history, and the French are the ones to demonstrate it. For the moment at least, the Americans were the finest persons who ever existed. Paris was liberated.

And so it has been for days as we move from one part of the city to the other. Crowds, kisses and celebration. A new kind of war. But the fighting will come again. There are many Germans here and Berlin. They haven't given up and are not defeated.

In another letter I will tell you of the FFI, the French Forces of the Interior, and their fight to help free Paris. Also of the "little war" I got into at the Place de la Concorde in the center of the city.

Love, John

The writer's wartime correspondence was published last year in "Letters Home: A War Memoir." He contributed this article to the International Herald Tribune.

LETTERS TO THE EDITOR

And Iran's Neighbors?

Regarding "Oppose Iranian and Other Extremists, Not All Islam" (Opinion, Aug. 19):

Omar Al Hassan has weighty credentials, but his article is short on facts and long on conjecture.

Iran's annual arms procurement was recently estimated by the U.S. National Security Council at \$2 billion. Sources in Europe have cited figures as low as \$800 million. This contrasts to Saudi Arabia, as well as Kuwait and other Gulf emirates, which are receiving or have on order close to \$40 billion in weaponry, including nondefensive systems like the F-15. Assuming a delivery schedule spread over five years, these states, with a combined population of 20 million, are spending perhaps four

times as much as Iran annually and 12 times as much per capita.

Further, good neighborliness does not necessarily mean giving away the family silver. The ownership of the disputed Gulf islands is well documented in both Iranian and British archives. The last time any question arose regarding their administration was in 1971, when the British, after pulling out of the area in a continuation of the Wilson government's "East of Suez" policy, returned them to Iran.

KEWMARS BOZORGMEHR, London.

They Do Not Feel Free

Regarding "Population Economics: The Sensible View Goes Unheard" (Opinion, Aug. 22) by Julian L. Simon:

Of the hundreds of millions of couples in poor countries who wish to plan their families, most do not get the chance. Almost half of the 50 million women in poor countries who became pregnant in the last 12 months did not want another child. Where is Mr. Simon's "true reproductive freedom" in this situation?

Under the circumstances in which most poor people live, not giving women birth control amounts to forcing them to bear children — a fact that Mr. Simon and Pope John Paul II conveniently ignore. From a political standpoint, to deny women access to birth control is to deprive them of a fundamental human right; and from a human standpoint it is hugely callous.

KATHERINE CLARK, Heidelberg, Germany.

BOOKS

BRECHT & COMPANY: Sex, Politics, and the Making of Modern Drama

By John Fuegi. 732 pages. \$32.50. Grove.

Reviewed by Wendy Smith

ITS never been a secret that Bertolt Brecht (1898-1956) was not the world's nicest guy. You don't need to have read anything more than scattered memoirs to be aware that the man many consider the greatest playwright of the 20th century was chronically unfaithful to his wife, the actress Helene Weigel, frequently cruel to his many lovers, and extremely sharp (verging on dishonest) in his business dealings.

It's also common knowledge that this avowed Communist made a cooperative appearance before the House Committee on Un-American Activities in 1947, that when going to East Germany in 1949 he hedged his bets with an Austrian passport and a Swiss bank account, that he said nothing about the Stalinist purges of the 1930s, during which many of his friends in the Soviet Union were murdered, and commented only obliquely on the German Dem-

WHAT THEY'RE READING

Mark Palmer, former American ambassador to Hungary and now president of the Central European Development Corporation in Berlin, is reading "Fatherland" by Robert Harris.

"This book says so much about the terrible events that took place in this city for so long and it brings it all up to the present. It's a frightening story, and you can learn from it." (Michael Kallenbach, IHT)

ocratic Republic's repressive actions in the 1950s.

But until now, everyone assumed he wrote his own plays; in fact, the subtext of many Brecht biographies was that a lot could be forgiven the author of "Threepenny Opera," "Galileo," "Mother Courage" and "The Good Woman of Setzuan."

John Fuegi's scathing account of Brecht's life directly challenges that assumption. A founder of the International Brecht Society and author of two critical studies of the German dramatist, Fuegi asserts (backed up by extensive documentation) that three remarkable women — Elisabeth Hauptmann, Margarete Steffin

and Ruth Berlau — wrote substantial portions of the plays mentioned above and others. All three were dedicated Communists and gifted artists in their own right who, because they had the misfortune to fall in love with him, found themselves enmeshed in a web of sexual, professional and political manipulation through which the charismatic and unscrupulous Brecht made them wholly dependent on him and reaped virtually all the rewards of their labors.

Fuegi is lavish with details, and persuasively sketches a chilling basic outline. The female "collaborator" did the basic research, identified material that could be used as sources, did the necessary translations, then — sometimes with Brecht, but often without him — roughed out the basic structure and wrote the early drafts. In Fuegi's assessment, Brecht was at most the co-creator of many of his most famous plays.

These are devastating charges, made all the more so by Fuegi's disdain for fellow Brecht scholars who he feels have ignored the evidence about these women's contributions. Indeed, it is most disturbing to reread previous biogra-

phies or critical material with Fuegi's revelations in mind. Many, including Klaus Volker's "Brecht" and the introduction to "Collected Plays, Volume 7" by Ralph Manheim and John Willett, contain passing references to Hauptmann, Steffin and Berlau working with Brecht on the texts and to contracts sharing royalties with them, yet do not address the question of what these facts say about the plays' authorship.

Fuegi's footnotes point out such evasions and detail the numerous letters left out of the allegedly comprehensive German edition of Brecht's correspondence and the many files in East Berlin's Bertolt Brecht Archive that were placed off-limits to researchers. Suggesting both willed blindness and deliberate coverup, "Brecht & Company" is as much an indictment of slyshipped scholarship and political control of intellectual material as it is of Brecht's reprehensible behavior.

Fuegi's own scholarship, formidable though it is, has its lapses. His years of research have apparently made him so detest Brecht that he occasionally seems more vitriolic than a particular instance of his subject's behavior warrants.

These faults, however, are intimately linked to the book's principal strength: a passionate, extremely personal indignation over the way in which belief in Brecht's genius led both his intimates and subsequent critics and historians to excuse the most serious moral failures in the domestic, financial and political arenas.

Wendy Smith, the author of "Real Life Drama: The Group Theatre and America, 1931-1940," wrote this for The Washington Post.

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BRIDGE

By Alan Truscott

THERE were four close matches in the Spingold Knockout Teams, and all the favorites survived. Jeff Wolfson and his team won by 2 against a foursome headed by Richard Pavlicek Jr. after trailing by 50 at the midpoint.

Pavlicek's slender loss after a big lead was particularly poignant because one opponent was his father, Richard Pavlicek Sr. Earlier on, the younger Pavlicek had finished second in the Junior Team Trials with Blair Seidler, who, in the Spingold found himself in the rare contract of five spades redoubled on the diagrammed deal.

East expected to beat the contract because he had made a lead-directing bid of five diamonds and hoped to score two ruffs in the suit. His partner obliged with a diamond lead, but after one ruff there was no quick re-entry to the West hand. East tried a club. South won, ruffed a heart, and ruffed a club high, removing the king.

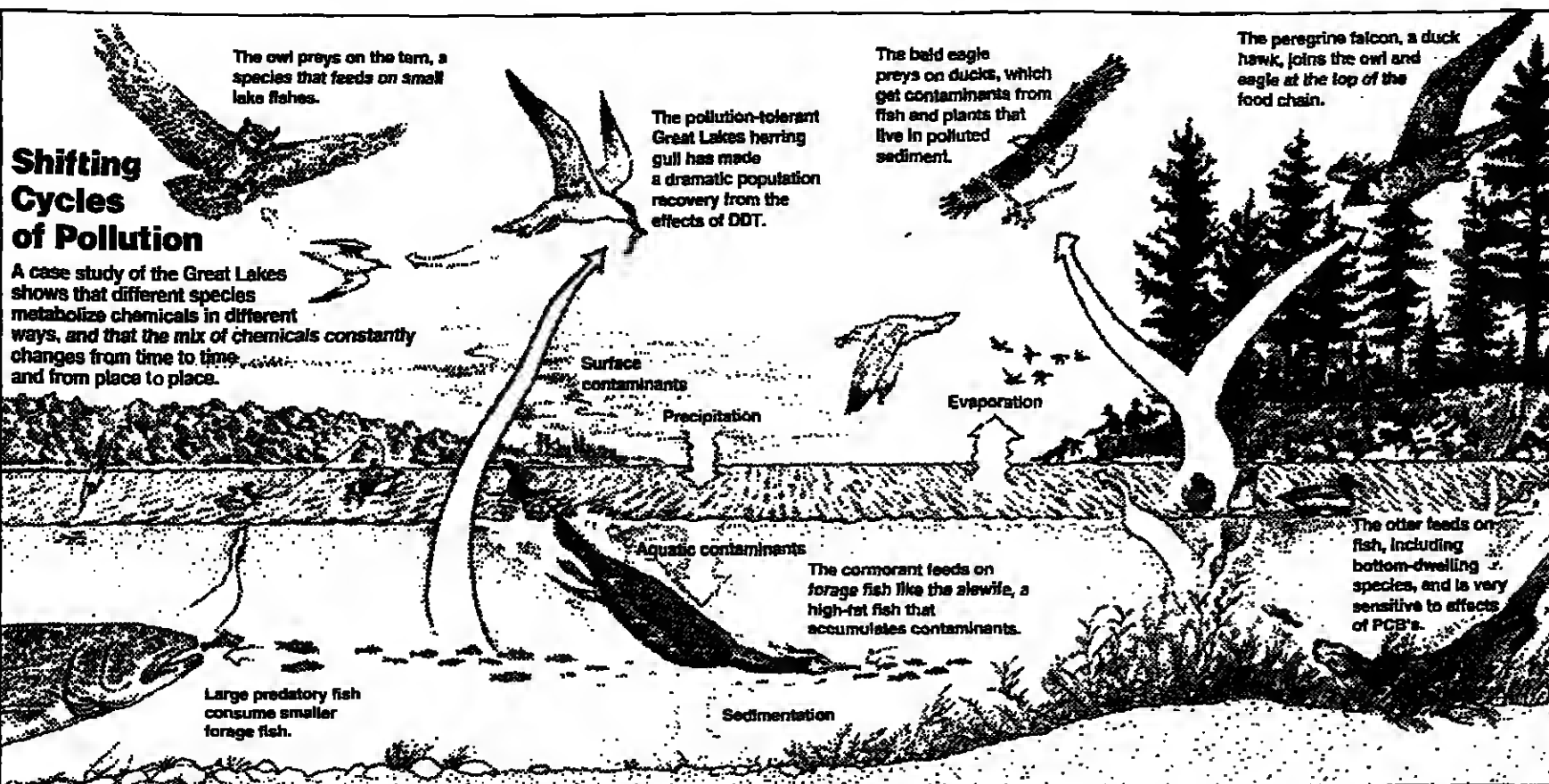
Since West was known to have begun with a doubleton club and at least 10 red cards,

he could not have more than a singleton trump. So South ruffed a heart, crossed to his spade ace, and ruffed his last heart with dummy's last trump. He threw a diamond on the club queen and lost one more trick, making his contract for a score of 1,000 and a gain of 15 imps.

Notice that five hearts doubled would have succeeded barring an inspired club lead by North and an underlead of South's spades to score off a ruff.

NORTH (D)			
♠ J5			
♥ AKQ3			
♦ K4			
♣ KQ865			
WEST			
♠ K943			
♥ 942			
♦ 199			
♣ J872			
EAST			
♠ 1086			
♥ 105			
♦ Q87632			
♣ 104			
SOUTH			
♠ AQ72			
♥ J876			
♦ AJ5			
♣ A3			
East and West were vulnerable.			
The bidding:			
North	East	South	West
1♣	Pass	1♦	Pass
4♦	Pass	4NT	Pass
5♠	Pass	7♦	Pass
Pass			
West led the heart two.			

HEALTH / SCIENCE



Renewed Alarm on Pesticides and Fertility

By William K. Stevens
New York Times Service

NEW YORK — In a new wave of concern about synthetic chemicals in the environment, some biologists are warning that trace amounts of pesticides and other man-made substances may be interfering with the action of reproductive hormones and thereby damaging the fertility of various animal populations, including humans.

The evidence is far from conclusive. But the economic and political stakes are high; should the new fears prove justified, a large group of important industrial chemicals might have to be curbed.

At least 45 synthetic chemicals, most of them pesticides, have been found to upset the workings of the hormonal, or endocrine, system, and for this reason they are known as endocrine disruptors.

There is little doubt, many scientists agree, that when people or animals are exposed to large doses of these chemicals, as has happened in chemical spills or contamination of food, serious derangements of reproductive function sometimes result.

Male alligators born in Florida's Lake Apopka after a large pesticide spill in 1980 were found to be incapable of producing sperm. In Taiwan, reproductive and other defects have been noted in the sons of

women who in 1978 and 1979 ingested cooking oil contaminated with PCBs.

"We don't want to argue we've got a massive problem," said Dr. Larry Reiter, the director of the Environmental Protection Agency's Health Effects Research Laboratory at Research Triangle Park. But he also said, "I don't think we want to argue there is no problem."

Although many biologists are convinced that endocrine disruptors are pervasive, they have not yet been able to assess the quantity and distribution of the chemicals in the environment. Nor is there any good survey to tell what burden of these chemicals is carried in the body fat of the general population.

But a number of studies suggest grounds for concern, particularly from the combined effects of several different chemicals acting in concert either to mimic or block the crucial effects of natural estrogens on sexual development in the fetus.

Dr. Ana M. Soto and Dr. Carlos Sonnenschein, biologists at Tufts University, have found that doses of estrogen-mimicking pesticides too small to have any effect individually on test-tube cultures of cells from breast-cancer tissue have a powerful effect when combined. Estrogens spur the growth of such cells.

Other laboratory studies have shown

sibly serious but say it is too early to call it one way or the other.

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Other laboratory studies have shown

that the synthetic chemicals can disrupt the reproductive development of mammal fetuses. And field investigations have traced reproductive disorders in mammals and birds to the consumption of fish whose flesh contained the chemicals.

Some environmentalists are calling for a phaseout of endocrine-disruptor chemicals, and there is legislation before Congress to replace some chlorine compounds, many of which have been identified as endocrine disruptors, with feasible alternatives.

The EPA and the United States Fish and Wildlife Service have asked the National Academy of Sciences to investigate the problem.

The debate is in some ways a replay of "Silent Spring," Rachel Carson's landmark book published in 1962, in which she argued that fat-soluble pesticides in the bodies of birds were interfering with reproduction. Her thesis provoked a barrage of criticism, but biologists in time learned that many chlorinated hydrocarbons like DDT did indeed sabotage reproduction, for example by making the shells of birds' eggs too fragile.

DDT and similar pesticides like aldrin and dieldrin were banned long ago in the United States. But their residues persist in the environment, not the least because they remain in use in much of the world and are being transported to America on globe-girdling winds.

Toxic Shock Threat Hasn't Gone Away

By Jane E. Brody
New York Times Service

NEW YORK — Toxic shock syndrome may have faded from prominent public concern but not from the medical record books. This often-fatal disease may be nearly as common now as it was in the early 1980s, when it terrified menstruating women, especially those who used highly absorbent tampons.

Cases of toxic shock fell off sharply in 1984 after Rely, made by Procter & Gamble Co., and other superabsorbent tampons were taken off the market. But according to data gathered in Minnesota, toxic shock cases slowly began to rise again as the staphylococcal bacteria that could produce the deadly toxin spread to more people.

Avoiding the organism is problematic, since half the U.S. population already carries staphylococcal bacteria on mucous membranes and one-quarter of those who are infected carry the kind that can produce a deadly toxin.

Most of these "Typhoid Marys," among them health care providers like surgeons, are immune to the toxin but can spread the organism to others who are susceptible.

Today, about half the cases of staphylococcal toxic shock syndrome have no connection with tampons or menstruation. They affect a wide range of people, including older women, men and children, under a wide range of circumstances: in conjunction with surgery, a wound, influenza, sinusitis, childbirth, use of a contraceptive sponge, cervical cap or diaphragm, intravenous drug abuse, an abscess, boil, cut or even an insect bite.

A very severe form of staphylococcal toxic shock can occur in connection with influenza; the influenza virus helps the bacteria invade throat cells and, by lowering the acidity of the throat, enables the bacteria to produce toxin. A particularly deadly form can also attack AIDS patients.

Based on the number of cases of definite and probable toxic shock occurring each year in Minnesota, Dr. Patrick Schlievert estimates that 5,000 to 10,000 cases of staphylococcal toxic shock syndrome now occur each year in the United States, making it as common as Lyme disease.

Dr. Schlievert, a microbiologist and toxic shock specialist at the University of Minnesota, said that national reporting of toxic shock cases was very incomplete. "In Minnesota alone there are as many toxic shock cases reported annually as are reported by the entire country to the Centers for Disease Control and Prevention," he said.

Furthermore, there has been a sudden increase in cases of toxic shock associated with a different bacterium, *Streptococcus A*, the culprit in the recent rash of severe

illnesses and deaths from so-called flesh-eating bacteria.

Toxin-producing streptococci can invade chickenpox lesions in children and any break in the skin in adults. It mainly affects healthy adults, between the ages of 20 and 50; women acquire it mainly during menstruation or during the second two trimesters of pregnancy. Dr. Schlievert said. From 10,000 to 20,000 cases of streptococcal toxic shock now occur each year, with a death rate of up to 50 percent.

Although all forms of toxic shock syndrome are relatively rare, they are common enough and serious enough to warrant a widespread alert to their early symptoms, especially since many patients do not take the first signs of trouble seriously and doctors unfamiliar with the syndrome often misdiagnose it until it is too late to save the patient.

This is one situation in which patients or their families must take control, forcing doctors to explore the possibility of toxic shock syndrome by asking, "Do I have this disease?"

UNLIKE staphylococcal toxic shock, which attacks a disproportionate number of women, the streptococcal form affects men and women in equal numbers. Children who develop it are likely to become deathly ill even before the bacteria attack soft tissue, and any child who suddenly gets sicker while recovering from chicken pox should be suspected of having streptococcal toxic shock.

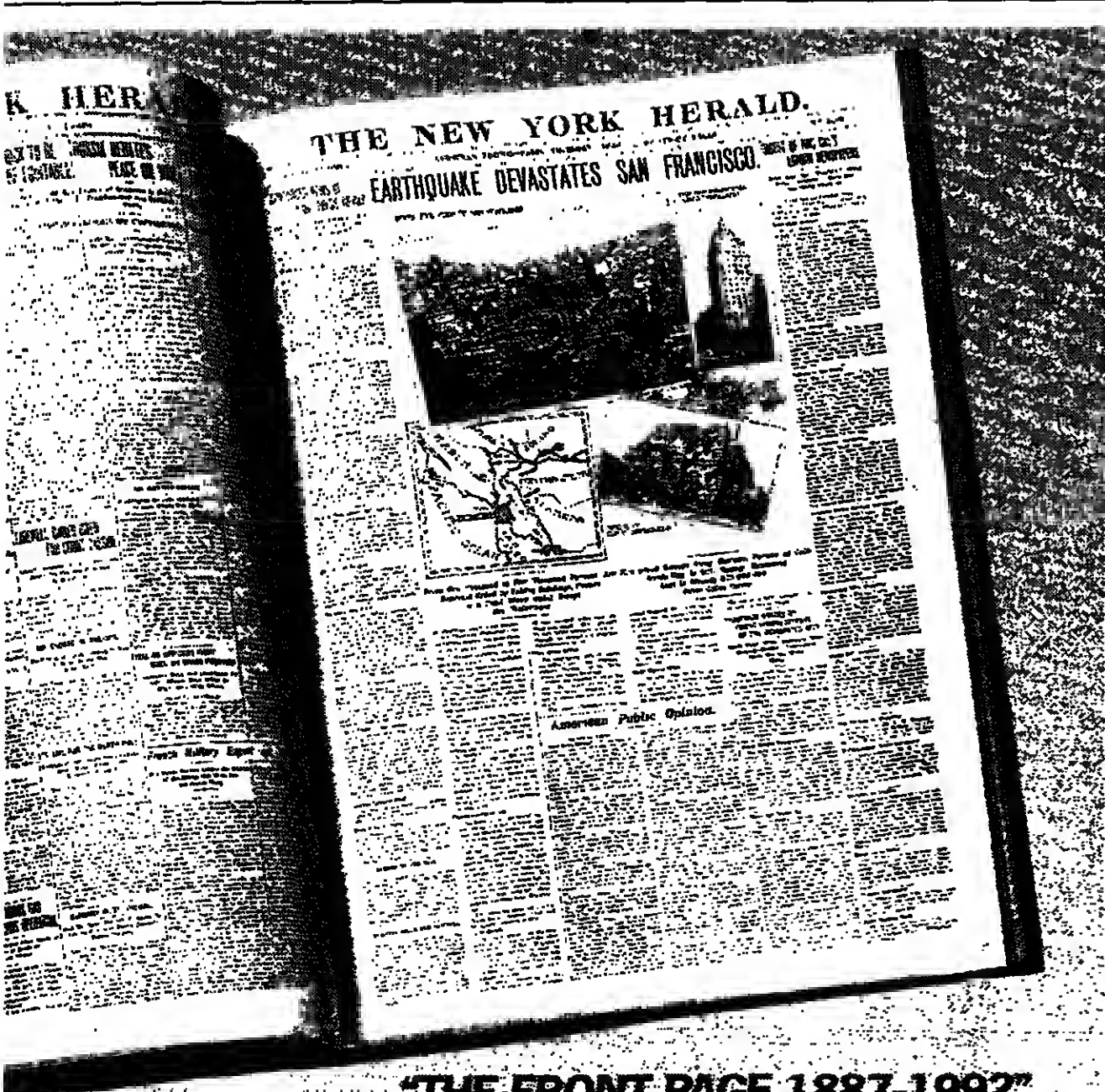
However, Dr. Schlievert said, many patients who do not meet all the classical criteria for toxic shock may have what he and others now call probable or possible toxic shock syndrome.

Making the correct diagnosis and promptly treating the disease is important in these cases, too, since 5 to 15 percent of patients will otherwise die. He added that the removal of superabsorbent tampons from the market had eliminated one cause of the severe form, and "today a lot of the menstrual cases fall into the classification of possible toxic shock syndrome."

Dr. Larry J. Strausbaugh of the Veterans Affairs Medical Center in Portland, Oregon, wrote in the journal *Postgraduate Medicine*, "The diagnosis should be considered in any severely ill patient with fever and hypotension in whom staphylococcal or streptococcal colonization or infection is remotely possible."

In addition, he wrote, "Toxic shock syndrome should be suspected in patients without rash or with rashes other than the classic red one."

Time is of the essence in treating toxic shock syndrome, especially when it is caused by flesh-eating streptococci. Once these bacteria begin to destroy soft tissue, they can multiply rapidly and spew toxin,



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IN BRIEF

Australian Surface Lines Baffle Scientists

MELBOURNE (Reuters) — Straight lines across southern Australia's flat, featureless Nullarbor Plain and invisible except via satellites are baffling scientists. The parallel lines up to 400 kilometers (250 miles) long, and only visible with infrared satellite equipment in daylight, were discovered three weeks ago.

They said there are no known geological structures such as fault lines that would explain the images. The lines are up to 15 kilometers wide and about 100 kilometers apart near the middle of the plain. The most likely explanation was a different type of soil structure, vegetation or moisture pattern compared with the surrounding earth, Ian Barton, a senior physicist with the Commonwealth Scientific and Industrial Research Organization, said.

Teas Found to Inhibit Skin Tumors in Mice

WASHINGTON (WP) — A team headed by Zhi Y. Wang at Rutgers University has found that green tea, black tea and decaffeinated versions of both inhibited the formation of skin tumors in mice.

Comparing the results against those from a control group that received the ultraviolet irradiation to induce tumors, but drank just water, the researchers found that all the teas inhibited the formation of tumors and reduced the average size of those that did form. "The results of our study indicate the black and green tea have a similar potent inhibitory effect," the researchers stated.

Recent studies have also shown that green tea, drunk mainly by Asians, can reduce the incidence of esophageal cancer.

Biosphere II Diet Caused Energy Loss

TORONTO (AP) — Eight people sealed inside Biosphere II for two years experienced excess drops in metabolism and declines in physical activity because of their low-calorie, low-fat diet, a study has found.

Biosphere II, a glass-enclosed structure designed to show that humans can survive in a self-sustaining environment, was a not entirely successful experiment. Food production fell short of initial expectations and Biosphere's residents were forced to subsist on 1,700 calories a day for the first six months.

Closing In on an Ultracold World

By Malcolm W. Browne
New York Times Service

NEW YORK — Sixty-nine years ago, theorists calculated that if a certain class of atoms could be chilled to temperatures below any that exist in nature, the atoms would merge with each other to become huge "super atoms": bizarre states of matter straddling the gulf between the everyday world and the ultrasmall domain of quantum mechanics.

Recent advances at dozens of laboratories in the United States and Europe have encouraged some scientists to believe

that they may be nearing this elusive goal.

The creation of a Bose-Einstein condensate, as this hypothetical superatomic state of matter is called, would be a historic landmark in physics, one that many physicists say would be worthy of a Nobel Prize.

It would not only demonstrate the validity of some outlandish predictions of quantum theory, but would create a form of matter that may never have existed anywhere before — a substance with properties scientists can only guess at.

No one knows what a Bose-Einstein condensate, or super atom, would look like. But sci-

entists are confident that whatever its appearance, certain invisible but easily detectable features would afford ample evidence of its existence. It is named for the late Satyendra Nath Bose and Albert Einstein, whose statistical calculations led to Einstein's prediction of 1925 that this superatomic substance could exist.

Last week, scientists at the National Institute of Standards and Technology in Gaithersburg, Maryland, reported an achievement that may bring the goal closer. They reached a new record low temperature in their laboratory: 700 nanokelvins, or somewhat less than one-millionth of a degree above the absolute zero.

The absolute zero, a temperature fixed by the laws of thermodynamics that can be approached but never quite reached, is defined as zero degrees on the Kelvin scale, minus 273.15 degrees on the Celsius scale and minus 459.4 degrees Fahrenheit.

The new record temperature is far colder than that of any matter astronomers have been able to measure anywhere in the universe, and should be cold enough to bring about Bose-Einstein condensation, theorists believe, if more atoms could be packed into the apparatus where the cooling takes place. So far, however, no one has achieved a high enough concentration of atoms at a low enough temperature.

Dr. Steven Rolston, a member of the NIST team, said he did not expect that his laboratory's current equipment could create a Bose-Einstein condensate, but that he was not unduly disappointed.

Creating a Bose-Einstein

condensate would have been wonderful, but it would be incidental to our main task, which is to apply atomic cooling to improving the precision of timekeeping," he said.

The NIST intends to exploit the record temperature it has achieved in building the most accurate clock ever devised.

IMPROVING the accuracy of the current champion timekeeper — the NIST-7, which gains or loses less than one second every million years — will require supercold temperatures, comparable to those needed to create Bose-Einstein condensates, Dr. Rolston said. The laboratory's success in reaching a temperature of 700 nanokelvins guarantees that NIST's next clock will be many times more accurate than NIST-7.

The trick was to reduce the speed of the atoms that run the atomic clock to as close to zero as possible.

The heat of a substance is equivalent to the speeds of its atoms and molecules; thus, if the speed of an atom could be reduced to zero, its temperature would also be zero.

In Dr. Rolston's laboratory, cesium atoms shot from a little furnace start their journey at a speed of 1,000 meters, or about 3,300 feet, or more per second, but they immediately encounter a battery of precisely tuned laser beams, which quickly slow the atoms to a mere seven millimeters per second.

Once the atoms in the apparatus are slowed, or cooled, many of them become trapped in space by a complicated lattice of intersecting laser beams that create little "wells." Once trapped in such a well, an atom tends to stay put, its velocity greatly reduced.

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6. The sixth part of the document is a paragraph of text. It describes the purpose of the document and the information it contains. It states that the document is a list of names and addresses, and that it is intended to be used for mailing purposes.

7. The seventh part of the document is a list of names and their corresponding addresses. The names are listed in a column on the left, and the addresses are listed in a column on the right. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

8. The eighth part of the document is a table with two columns. The first column is labeled "Name" and the second column is labeled "Address". The table contains the following data:

Name	Address
John Doe	123 Main St
Jane Smith	456 Elm St
Bob Johnson	789 Oak St

9. The ninth part of the document is a paragraph of text. It describes the purpose of the document and the information it contains. It states that the document is a list of names and addresses, and that it is intended to be used for mailing purposes.

10. The tenth part of the document is a list of names and their corresponding addresses. The names are listed in a column on the left, and the addresses are listed in a column on the right. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

(Continued)

MARKET DIARY

Japanese Buying Keeps Dollar High

Bloomberg Business News

NEW YORK — The dollar rallied against the yen and most other currencies Wednesday after the Japanese central bank bought the U.S. currency aggressively for a second day.

Rallies in the U.S. stock and bond markets also helped the dollar's advance.

Meanwhile, in Mexico City, the new peso fell against the dollar, which rose about 1.5

The dollar rose to 1.5460 DM from 1.5311 DM.

"The outlook is grim for the fall because trade tensions will build," Mr. Gilmore said.

The Bank of Japan started buying after the dollar fell to five-week lows against the yen in New York trading on Monday amid speculation that negotiators will not reach agreement on ways to open Japanese markets to imported goods by a Sept. 30 deadline.

Many traders expect the Clinton administration to call for a strong yen or at least let the dollar fall without comment.

The dollar, stocks and bonds were feeding on each other's strength, said David Durst, a trader at Bear Stearns & Co. "People are buying dollars to buy U.S. stocks and bonds," he said. "The dollar looks cheap to investors at these levels."

Bonds and stocks, in turn, benefited from the dollar's rise, since that made foreign investors more willing to buy U.S. assets. The dollar's slide against most major currencies this year has cost those holding U.S. assets dearly.

The British pound closed at \$1.5535, from \$1.5570. The dollar rose to 5.2950 French francs from 5.2525.

Foreign Exchange

centavos to 3.3525 pesos. Traders said the fall was due to a lack of liquidity in the market and some nervousness in the wake of general elections.

The Bank of Japan probably spent \$1 billion a day over the past two days in an effort to keep the dollar from falling against the yen, said David Gilmore, a partner at Foreign Exchange Analytics.

"The Bank of Japan is keeping the currency market on its toes this week," said Jim Raphael, assistant vice president at NatWest USA Bancorp in Jersey City, New Jersey.

The dollar closed at \$9.99 yen, up from Tuesday's \$9.83. Gains against the yen persuaded many traders to buy dollars for Deutsche marks.

MARKET: Surges on Goods Data

Continued from Page 1

Treasury bond rose 39.32 point, to 100 15 3/4, pending the yield down to 7.46 percent from 7.54 percent Tuesday.

Weak economic data are sometimes bad news for the stock market. But investors read the durable-goods orders report to mean that "the threat of inflation is abating, and you

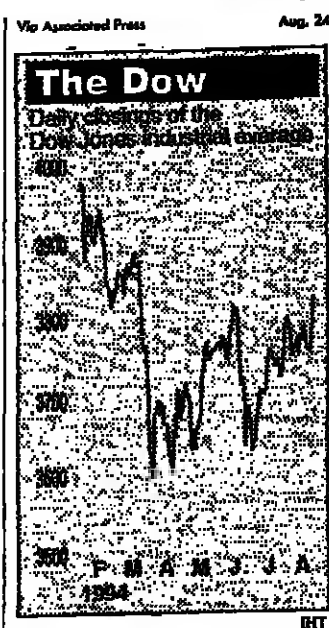
that "investors are comfortable with and are betting on a steadily growing economy without inflation," said Eugene Peroni, technical analyst at Janney Montgomery Scott in Philadelphia.

Economically sensitive stocks provided leadership on the Big Board. Among the 30 components of the Dow average, International Paper, Alcoa, Minnesota Mining, Bethlehem Steel, General Motors and Exxon were all sharply higher.

The average rose more than 30 points in mid-afternoon trading, triggering the New York Stock Exchange's "downside rule" for the first time since April 25. The rule curbs some trades in connection with stock-index arbitrage in an effort to stabilize the market.

A round of computer-guided buy orders added 12 points to the Dow industrials near the closing bell, according to the research firm Birming Associates Inc.

(Bloomberg, AP)



NYSE Most Active

Vol.	High	Low	Last	Chg.
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25

ANEX Most Active

Vol.	High	Low	Last	Chg.
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25
Blockbuster	27.75	27.50	27.75	+0.25

Market Sales

	Today Close	Prev. Cons.
NYSE	209.80	209.32
Amex	22.48	22.56
Nasdaq	292.99	333.71

In millions.

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus	5742.48	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	1307.93	+17.83

Standard & Poor's Index

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

NYSE Indexes

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

NASDAQ Indexes

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

ANEX Stock Index

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Dow Jones Bond Averages

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

NYSE Diary

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

ANEX Diary

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

NASDAQ Diary

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Spot Commodities

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Industrials

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

EUROPEAN FUTURES

Open	High	Low	Last	Chg.
Indus	5742.48	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	1307.93	+17.83

Metals

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Financial

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Stock Indexes

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Dividends

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

REVERSE STOCK SPLIT

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

INCREASED

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

CORRECTION

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

REGULAR

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Industrials

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Grains

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Metals

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

LIVESTOCK

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Financial

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Stock Indexes

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Commodity Indexes

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Food

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Metals

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

LIVESTOCK

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Financial

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Stock Indexes

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Commodity Indexes

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Food

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

U.S. FUTURES

Open	High	Low	Last	Chg.
Indus	5742.48	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	1307.93	+17.83

Grains

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Metals

High	Low	Close	Chg.
Indus	5742.48	5742.48	+78.90
Transp	1202.19	1202.19	+15.18
Comp	1307.93	1307.93	+17.83

Wellcome Files Suit Over Herpes Drug

Compiled by Our Staff From Dispatches

LONDON — Wellcome PLC launched a legal broadside against SmithKline Beecham PLC on Wednesday, claiming its rival's new anti-herpes drug Famvir infringed U.S. patents

on Wellcome's best-selling Zovirax medicine.

Wellcome said its U.S. subsidiary, Burroughs Wellcome Co., had filed a lawsuit in North Carolina seeking an injunction against the sale of Famvir in the United States and seeking unspecified damages.

It argues Famvir is virtually identical to Zovirax and that the method used to deliver it into the bloodstream is covered by another Wellcome patent.

SmithKline denied the claims and said it would vigorously defend its position. SmithKline launched Famvir for the treatment of herpes zoster, or shingles, in the United States last month, breaking Wellcome's previously unchallenged domination of the anti-herpes market there.

Zovirax is the world's fourth-largest-selling prescription drug, with annual global sales of about \$1.2 billion. It accounts for more than a third of Wellcome's revenue.

Wellcome's shares rallied on news of the lawsuit, gaining 15 pence to 721. SmithKline dipped 1 to 446.

But the reaction was somewhat muted, reflecting puzzlement among pharmaceutical analysts as to why Wellcome had waited so long to launch its challenge. A spokesman said it had decided to wait until Famvir was launched because "that, in our view, was the infringing activity."

(Bloomberg, Reuters)

Charges Cut W. H. Smith Profit by 27%

Compiled by Our Staff From Dispatches

LONDON — W. H. Smith Group PLC said Wednesday that one-time charges for job cuts and restructuring helped slash pretax profit nearly 27 percent in the year ended May 28.

The book, newspaper, music and hardware retailer said it earned £83.4 million (£130 million) in the year on sales of £2.44 billion, up 5.6 percent.

The company took a charge of £36.6 million for the sale of 40 of its jointly owned Do It All home improvement stores and of £6 million for restructuring in its W. H. Smith Retail division. The results also included a profit of £12.2 million for the sale of property.

(Bloomberg, Reuters)

PTT Nederland Profit Rises Strong Post Division and Cost Cuts Pay Off

Compiled by Our Staff From Dispatches

AMSTERDAM — Royal PTT Nederland NV said Wednesday its first-half profit jumped 16 percent because of successful cost-control measures and strong results in the postal division.

The Dutch postal and telecommunications company earned a net 1.02 billion guilders (\$890 million) in the first half, up from 875 million guilders in the 1993 first half.

Sales rose to 8.72 billion guilders from 7.94 billion guilders, led by a higher-than-expected increase in the company's postal division.

Sales at PTT Post rose by 0.7 percent to 2.33 billion guilders, helped partly by higher volume of national and international mail.

Operating income in the

post division rose 26 percent, to 263 million guilders.

Sales at PTT Telecom rose 9.4 percent, to 6.164 billion guilders, with more than half of the increase coming from higher call volume and more subscriber lines.

Rate increases introduced on April 1, 1993, and April 1, 1994, also were reflected in the sales figures, the company said.

Revenue from international calls began to rise after stabilizing in 1993, despite reductions in charges to a number of countries, it said.

Operating profit in the telecom division rose 5 percent, to 1.5 billion guilders.

"On the basis of the profit development over the first half-year of 1994, the board of directors expects the net result as compared with 1993

will show a significant increase," the company said.

The results exceeded analysts' expectations and helped send PTT's share price up to 51.80 guilders from 51.60.

"The results simply look very good," said Erik de Graaf, analyst with Kempen & Co., who had expected PTT to earn 975 million guilders.

PTT said the moderate cost increases seen in the first half reflected a limited rise in labor costs and fewer absences through illness and higher efficiency.

It noted that depreciation expenses were lower in the first half compared with a year ago.

PTT said it would pay a first-half dividend of 80 Dutch cents a share. (Bloomberg, Reuters, AFX)

One-Time Gain Lifts Hagemeyer Profit

Compiled by Our Staff From Dispatches

NAARDEN, Netherlands — Hagemeyer NV said Wednesday its first-half net profit almost tripled, thanks to a large one-time gain from the sale of its stake in a Singapore-based importer of electronic goods.

The Dutch conglomerate, whose activities range from selling consumer goods in Europe and North America to importing cars in the Netherlands, also said it planned to increase its share capital by about 5 percent to raise money for expansion.

Hagemeyer, which is 50.2 percent owned by the Hong Kong-based real estate and communications company First Pacific Co., said

first-half earnings rose to 141 million guilders (\$82 million) from 50.6 million in the first half a year ago.

The income included a one-time gain of 80.9 million guilders from divesting its minority stake in a Singapore-based import venture for electronic goods produced by Matsushita.

Hagemeyer's sales rose to 2 billion guilders in the half from 1.64 billion guilders in the first half of 1993.

Also on Wednesday, Internatio-Müller NV said its first-half profit rose to 32.2 million guilders from 19.6 million in the 1993 first half.

(Bloomberg, AFX, Reuters)

GE Bids For Control Of Lindner

Bloomberg Business News

BERLIN — General Electric Lighting GmbH stepped in Wednesday with a proposed takeover of Lindner Licht GmbH after Germany's anti-trust watchdog agency rejected a takeover by a unit of Philips Electronics NV.

Heiner Bruhn, a spokesman for the Federal Cartel Office, confirmed that General Electric Lighting was seeking the merger. He said he did not know when the cartel office would issue a decision on that proposal but said, "I suspect it won't take long."

General Electric Lighting's finance manager, Inge Boehm, said company policy precluded discussing or even confirming any takeover. "But certainly we have talked to Lindner in the past year," he said. "That's public."

Mr. Bruhn said the planned Philips purchase of a majority of Lindner would give a "dominant market position" in the German light bulb industry to both Philips and Osram, the Siemens AG lighting subsidiary.

Harald Libbert, head of the cartel office's department responsible for reviewing proposed takeovers, said General Electric Lighting and Lindner Licht each had about 6 percent to 7 percent of the market.

The cartel office said Philips and Osram together already had a nearly 80 percent share of the light bulb market.

Lindner Licht has annual sales of about 30 million Deutsche marks (\$19 million).

Osram's market share is twice that of Philips, but competition between the two companies is still "considerably limited," the cartel office said.

Investor's Europe				
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
2200	3000	2800		
2000	2800	2600		
1800	2600	2400		
1600	2400	2200		
1400	2200	2000		
1200	2000	1800		
1000	1800	1600		
800	1600	1400		
600	1400	1200		
400	1200	1000		
200	1000	800		
0	800	600		
1994	1994	1994		
Exchange	Index	Wednesday Close	Thursday Close	% Change
Amsterdam AEX		414.04	410.53	+0.78
Brussels Stock Index		7,555.76	7,554.34	+0.54
Frankfurt DAX		2,128.37	2,107.87	+0.98
Frankfurt FAZ		604.52	706.34	+1.03
Helsinki HEX		1,898.39	1,883.48	+0.29
London Financial Times 30		2,507.50	2,489.80	+0.71
London FTSE 100		3,205.20	3,175.10	+0.95
Madrid General Index		305.92	301.47	+1.48
Milan MISTEL		10945	10911	+0.31
Paris CAC 40		2,006.29	2,000.63	+0.28
Stockholm Aftersvevarden		1,892.35	1,857.02	+1.90
Vietnam Stock Index		455.59	453.29	+0.48
Zurich SBS		911.07	907.06	+0.44

Very briefly:

- Georg Fischer AG, a Swiss automotive products and machinery group, said economic recovery in Europe helped it post a first-half profit of 31 million Swiss francs (\$24 million), following a 33 million franc loss last year.
- Stora Kopparbergs Bergslags AB, a Swedish forestry group, said it was raising its pulp prices as much as 13 percent to \$700 a ton Oct. 1 after posting a first-half pretax profit of 1.51 billion Swedish kronor (\$199 million).
- Advanced Micro Devices Inc. plans to invest 2 billion Deutsche marks (\$1 billion) to build a factory in Dresden, Germany, a spokesman from the Saxony regional Economics Ministry said.
- Nordbanken AB, the state-owned Swedish bank, posted a first-half operating profit of 2.5 billion Swedish kronor, up 47 percent from a year ago, on lower bad-debt charges.
- Volkswagen AG said it would supply the Daimler-Benz AG unit Mercedes-Benz AG with an adapted six-cylinder engine with automatic transmission for the new Mercedes limousine, in a contract worth an estimated 50 million DM a year.
- Ontokumpu Oy of Finland said it sold its unit Candor Sweden AB to Rodnax AB, which was established for management buyout purposes, as the mining and metals concern focuses on its core business. (Bloomberg, AFX)

European Sales Lift Atlas Copco Profit

Compiled by Our Staff From Dispatches

STOCKHOLM — Atlas Copco AB, the Swedish maker of mining machinery, said Wednesday its first-half profit after financial items increased 29 percent to 852 million kronor (\$113 million), as sales and orders in Europe picked up.

The earnings were above expectations. Atlas Copco said earnings in 1994 before a capital gain from the sale of Atlas Copco Automation were expected to be "considerably higher" than for 1993, when the company earned 1.32 billion kronor.

Sales rose to 10.01 billion kronor in the first half from 8.93 billion a year earlier. During the period, orders increased by 14 percent.

A favorable trend in demand was noted in most European markets, the company said. During the second quarter, there was also an increase in orders in the German and Italian markets. The company said it expected this demand to continue. (Bloomberg, AFX)

WHIRLPOOL: Executive's Ample Portfolio Combines Purchasing and Technology

Continued from Page 11

though compressors were important parts of refrigerators, a key Whirlpool product.

The sale for \$106 million to Embraer SA, a Brazilian compressor manufacturer in which Whirlpool has a minority interest, was announced in December. Mr. Kerber has since taken on responsibility for running Whirlpool's \$250 million microwave oven operations.

"It's a way to keep Ron in touch with reality rather than being out in the popties doing something theoretical," said William D. Marohn, Whirlpool's president and chief operating officer.

Behind such joking comments is the assessment shared by Mr. Kerber and other senior Whirlpool executives that

any chief technology officer without substantial line management tasks runs the risk of not being taken seriously.

One test of Mr. Kerber's influence will be how thoroughly Whirlpool takes to the procedures his group outlined for all product development, from refinements of existing products to new appliances. The goals include making sure that the biggest risks are taken early on, when the least money has been spent.

The new rules, which Whirlpool began using last winter, should prevent the kind of costly mistakes that delayed rollout of a new generation of washing machines in Mexico for more than a year.

In that case, Whirlpool concedes, sales and marketing executives were not forced to set priorities among the 24

models they wanted. Manufacturing engineers wasted time and money designing a more flexible plant instead of focusing on producing the most important models first in high volumes.

"There isn't anything in the new approach that wasn't being done somewhere in the company," said Daniel McNicholl, who helped design the new procedures after following Mr. Kerber from McDonnell Douglas Corp. "The problem is that no part of the company was doing it all."

One early indication that the technology management efforts are paying off: Whirlpool last year won a contest sponsored by a group of electric utilities to design a new energy-efficient refrigerator.

tor, opening the door to a reward of \$30 million if it can sell 300,000 of the units.

After receiving a doctorate from California Institute of Technology, Mr. Kerber taught at Michigan State University's College of Engineering.

In 1983 he joined the Defense Advanced Research Projects Agency at the Pentagon. In 1985, he was promoted to oversee all Defense Department technology research, programs totaling \$5.3 billion a year.

Mr. Kerber started at McDonnell when that company was disrupted by trouble in its commercial aviation business and by the first stages of consolidation in the defense industry as the Cold War wound down.

Did Stolichnaya Taxes Put Vodka on Rocks?

By Lee Hockstader

Washington Post Service

MOSCOW — Ask the makers of Russia's most famous vodka, Stolichnaya, about their major competition, Absolut? Nope. Smirnoff? Wrong.

"It's the Russian government," said Sergei Nikulov, deputy director of Kristall, the factory that produces Stolichnaya and about 70 other brands of liquor.

A strange answer, considering that the state is the majority partner in Kristall. But since the government declared Kristall insolvent last week, citing more than \$3 million in debts, relations between the Kremlin and Russia's foremost vodka producer have been on the rocks.

Kristall complained that it was being crushed by taxes amounting to 92 percent of the factory's sales. The government lowered taxes a little, but not enough, Kristall managers said.

"The way they are treating us is unjustified," said Mr. Nikulov. "Our cars may be a lot worse than the ones made in the West, but our vodka is the best."

But Kristall is becoming a test case of the government's determination to force "red directors," as they are known, to run their plants in a whole new way for Russia: profitably and efficiently.

"We're not acting as police, and it's not our aim to sack the director," said Nodar Sarkisian of the bankruptcy office. "But they have got to restructure."

Mr. Sarkisian, 34, is typical of the young reformers who staff the bankruptcy office, a bastion of free-market thinking.

A former mathematician and engineering professor, he is convinced that bloated enterprises such as Kristall, whose managers for years have done as they pleased with no regard for the bottom line, must begin behaving with the discipline and rationality of capitalists.

Until now there has been only a handful of closures due to bankruptcy in Russia. Mostly, the government is

cajoling and threatening managers to restructure.

In Kristall's case, Mr. Sarkisian said, the government would be within its rights to install new management.

Another option is to sell a portion of the government's 51 percent share to private — even foreign — investors.

"Kristall is just a drop in the ocean. It's a typical case like those you see in the oil, gold, gas and timber industries," he said.

"Every enterprise director should think about how to raise production and cut expenses within the confines in which he must work."

Vodka production, which remains a government monopoly, has always had a privileged position in Russia. It is a guaranteed money-maker for czars and commissars alike.

So popular is vodka in these times of financial hardship that it often serves as an alternate currency. Short on cash? Pay the plumber with a couple of bottles of vodka.

Dmitri Mendeleev, the 19th-century Russian chemist who helped devise the periodic table of elements, is almost equally renowned in Russia for his refinements in the production of vodka.

Kristall, founded in 1901, was known in the beginning as the State Wine Store under the direct control of the Finance Ministry.

In February, the factory cut from two daily shifts to one and sent most of its 1,000 workers home on unpaid leave to protest high taxes and low tariffs on imported vodka.

Production that topped 80 million liters (84.5 million quarts) last year is expected to fall below 35 million liters this year.

"The government created conditions that left us like an athlete stuck in the starting blocks," said Mr. Nikulov.

"The state should be proud to have such famous brands of vodka as those we make — famous all over the world. 'To the West, the state would ever impose such taxes or try to strangle a business like ours.'"

RUSSIA: Capitalism's Rocky Road

Continued from Page 1

and rehabilitation spa, where employees' 21-day stays include whirlpool massage, bee-stung acupuncture and oxygen cocktails, which are drinks enriched with glucose, vitamins and bubbles of pure oxygen.

"We sent all four children to the factory day camp for three weeks," said Mrs. Razzhivina, praising the camp's computer games and hot lunches. "Without it, I don't know how we would have done."

She and her husband used the extra time to can and store potatoes, radishes and cucumbers from their garden plot.

They hope the factory will reopen in September, but say they would be grateful merely to receive wages for June. Neither can bear to contemplate what will happen if it stays closed.

"At least under communism there was always somebody you could complain to," Mr. Razzhivina said quietly. "Now nobody seems to be responsible." He and his wife look more stunned than angry as they stare at the prospect of real poverty for the first time. Hard

workers at what they know, after a lifetime of dependency they display a helpless passivity at the prospect of doing anything else. They will not consider even selling their spare potatoes and turnips for extra cash.

"Engage to trade?" Mrs. Razzhivina said, truly shocked. "I could never do that."

Her attitude is not uncommon in a country where until recently all private commerce was known as "speculation," and was illegal.

But there are exceptions. Nikolai Komarov, 32, lost his job as an engineering instructor at the plant two years ago. But as the head of the construction unit of the local Young Communist League he had connections and capital to start up his own construction company.

He then opened a hardware store, and then a second. Now he employs 15 people, but makes most of his money running a wholesale construction materials business. He is building his own six-room house, and his only complaint is about high taxes.

CORRECTION NOTICE
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The interest rate applicable to the interest period from August 10, 1994 to February 10, 1995 as determined by the reference agent is 5.50% per annum (instead of 5.25% mentioned in the notice dated August 12, 1994) namely US\$ 281.11 and not US\$ 268.33 per Bond of US\$ 10,000...

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ASIA/PACIFIC

Surging Inflation in China Spurs Release of Food Stocks

Compiled by Our Staff From Dispatches

BEIJING — The Chinese government on Wednesday ordered authorities in the country's biggest cities to release reserves of meat, sugar and vegetables in a bid to halt soaring food prices.

Simultaneously, Beijing introduced de facto price controls on a range of vegetables and threatened to investigate anyone charging more than 10 percent above an official "reference price," official newspapers reported Wednesday.

Retail inflation in 35 major cities in July stood at an annualized 24.2 percent, the State Statistical Bureau said Wednesday. The price of food for city dwell-

ers rose 31.9 percent over July last year, with grain prices jumping 57.8 percent and vegetables 29.7 percent, the report said.

The inflation data prompted the government's new measures to try to reign in prices.

China's leaders, who five years ago used the army to crush pro-democracy demonstrations that were sparked in part by anger at inflation and corruption, are fearful of prices again setting off unrest.

Pork, one of the items singled out in the government's new order and one of the staples of the Chinese diet, was 46.6 percent more expensive July than in July 1993, the official China Information News said Wednesday.

The government said its new measures should ensure that the retail price of pork not rise more than 15 percent above the wholesale price.

Official papers said Beijing authorities would release 20 million kilograms of meat onto the market from now until the first half of October and would ensure that there was at least 2.5 million kilograms of vegetables in the city's markets each day.

On Monday, Beijing started publishing vegetable prices based on a survey of the city's five wholesale markets. The published prices are to serve as a "reference" for retailers, and those charging more than 10 percent over the reference price will be punished, the government said.

So far, there has been no sign of price buying and no sign of public protest.

But the State Statistical Bureau warned that rising inflation threatened the country's economic reform program.

"Major problems exist in the economic performance at present," it said. "The task of controlling the price is still arduous."

Complicating the fight against inflation is the fact that money has started pouring back into construction projects, threatening to push the economy once again to the brink of overheating.

In July, state enterprises invested 72.9 percent more in fixed investment projects than a year earlier, itself a major period for construction.

But the State Statistical Bureau said the economy was still in the "yellow light area."

"The overall situation is still in the normal area; however, there are some unstable factors which need careful regulation and control," it said.

(Bloomberg, Reuters)

Obsolescent Textile Mills To Be Eliminated by China

The Associated Press

BEIJING — China will eliminate 10 million obsolescent cotton spindles — roughly one-fourth of its total — in the near future, Wang Zhongyuan, minister of the State Economic and Trade Commission, told a conference in Beijing.

He said the move was intended to combat quality problems in the textile industry and a glut in cotton supply. The restructuring would sharply cut cotton output.

Stockpiles of low-quality textile products must be reduced, the People's Daily on Wednesday quoted Mr. Wang as saying. China's textile industry has been plagued with overproduction since 1991. Nearly 1 million obsolescent spindles were eliminated during the 1992-93 production year, the official Xinhua News Agency reported.

China's producers of export goods, however, face serious problems not only in outdated equipment but in obtaining needed supplies of high-grade cotton. Insect infestations have decimated crops in the past two years, and hoarding by officials has compounded the problem.

To protect the huge state textile industry, China maintains a subsidized quota system on cotton. Such pricing encourages state cotton barons, most of them Communist Party bureaucrats, to underreport the weight of cotton purchased from farmers, creating an off-the-books surplus that can be sold at higher prices.

Thai Commercial Rates Edge Down

Bloomberg Business News

BANGKOK — Commercial banks have reduced some deposit rates after a central bank warning that too much "hot money" is flowing into the country.

The Bank of Thailand says it's worried that rapid inflows, lured by high interest rates, could be followed by just-as-rapid outflows that would leave banks with loan portfolios too large for their deposit bases.

Although analysts differ over how much effect this "hot money" is having on Bangkok's stock-market boom, stock investors also appear edgy that the flow might dry up.

Hot money describes funds shifted quickly from country to country in search of high rates. Institutional investors from the United States and Asia's finan-

cial capitals have been attracted to Thailand, where nonresident fixed deposit accounts in baht have been paying more than 9 percent in annual interest rates.

But last week the Bank of Thailand said "enough was enough, and commercial banks have begun reducing their rates. Bangkok Bank this week dropped its rate on three-month nonresident baht accounts by about 1 percentage point, to 7 percent. Siam Commercial Bank is paying 8 percent, down half a percentage point.

That compares with 4.875 percent offered on both three-month Eurodollar and Euro-mark deposits. Further, there's little currency risk for dollar-based investors in Thai deposits, because the baht is pegged to a dollar-led basket of currencies.

"We'll still gladly pay 8 percent," said Sirichai Sombatsiri, senior vice president and manager of treasury operations for Siam Commercial Bank. "The system still really needs off-shore money. Domestic savings aren't enough for us to fund operations."

But what it doesn't need is foreign money that will be yanked once the account matures, Mr. Sirichai said.

"We don't leave that money sitting there; it's lent out," he said. "If a lot of deposits are hot money, it creates a mismatch between deposits and loans."

The central bank is not worried about the current inflow on a macroeconomic basis, said P. Sit Leechatham, chief spokesman for the Bank of Thailand.

Honda Earnings Improve Rover Sale and Strong U.S. Market Help

By Andrew Pollack

New York Times Service

TOKYO — Buoyed by strong sales of its cars in the United States, Honda Motor Co. on Wednesday reported a 15.8 percent increase in operating income to a 5.8 percent gain in revenue for its first quarter.

Consolidated net income for the quarter nearly quadrupled from the same period a year earlier, though much of the gain came from the sale of Honda's stake in Rover Group Ltd., the British auto company.

Honda said consolidated revenue for the quarter rose 6 percent to 973.1 billion yen (\$10 billion). Operating profit rose 16 percent, to 25.8 billion yen.

Net income was 23.1 billion yen, up 280 percent. About 12.8 billion yen came from the sale of Honda's 20 percent stake in Rover. Rover is being acquired by BMW.

Honda sells more cars in North America than in Japan, so its fortunes are closely tied to the U.S. market. This year, Honda has done well as a result of the general strength of the American market.

The results show that the strong yen, while hurting Japanese companies, need not cripple them. Honda makes many of the cars it sells in North America at factories there, shielding it somewhat from currency fluctuations.

The company sold 214,000 automobiles in North America in the quarter, up 20 percent from 178,000 last year.

Honda raised U.S. prices in May only about 1 percent. But Shigeki Hayashi, a member of the finance department, said the company might have to raise prices again.

But if Honda found comfort in America, it fared miserably in its home market, with auto sales in Japan dropping 11 percent to 132,000 in the quarter.

Mr. Hayashi said, however, that both Honda and the entire industry saw strong sales gains in the first two weeks of August, a sign that the downward trend in Japanese domestic auto sales is ending. "I think it's safe to say car sales in this country are rebounding," he said.

South Korean Growth Put at 8.1% in Quarter

The Associated Press

SEOUL — The South Korean economy, propelled by brisk exports and capital investment, grew at an annual rate of 8.1 percent in the second quarter of this year, the Bank of Korea said Wednesday.

That put the growth rate for the first half of the year at 8.5 percent, the highest rate of expansion in three years. The economy grew 8.8 percent in the first quarter.

The central bank, encouraged by a strong economic rebound, is now predicting that the economy will grow at least 8 percent for all of this year, up from 7.8 percent forecast earlier this year and 5.6 percent recorded in 1993.

While painting a rosy picture of the economy in the remainder of the year, bank officials said they feared that sharp increases in private consumption might fuel inflation.

"Inflation is the single major concern for the economy for the rest of the year," said Kim Shi Dam, the bank's chief researcher.

Mr. Kim and other bank analysts said they expected inflation would be 6.2 percent for all of 1994, up from 5.3 percent in 1993. A continuing economic recovery in industrialized countries, including the United States and Japan's strong currency has helped South Korea increase exports in the second quarter, during which the country sold 17.7 percent more goods abroad than a year earlier, they said.

The United States is South Korea's largest export market, and a strong yen makes Japanese goods more expensive than their South Korean competitors in foreign markets.

In the April-June period, Korean companies increased their capital investment by 15.4 percent in anticipation of future demand. Overall, private capital investment for all of 1994 was expected to expand 15.9 percent, up sharply from 0.2 percent in 1993, bank officials said.

Weaver Is China's Largest Bankruptcy

Bloomberg Business News

HONG KONG — A state weaving and dyeing company in the central Chinese city of Wuhan has been declared bankrupt, becoming the largest victim of Beijing's recent policy of allowing unprofitable companies to collapse.

"Among all bankrupt enterprises, this factory is largest in scale, greatest in work force and laden with the heaviest debt," the semi-official China News Service reported Wednesday.

The Yangluo Weaving & Dyeing Factory had nearly 4,000 employees.

The company, which was founded in 1976, had debts of 158 million yuan (\$20 million) against assets of 89.3 million yuan.

Beijing began to allow bankruptcies on an experimental basis two years ago in the northeast of the country, the first since the Communists took power in 1949.

The policy has been extended nationwide although authorities have mainly tried to encourage companies close to bankruptcy to merge with a stronger partner in an attempt to avoid large-scale layoffs.

Investor's Asia

Index	Value	Change
Hong Kong Hang Seng	10,000	+100
Singapore Straits Times	2,200	+20
Tokyo Nikkei 225	20,000	+200
London FTSE 100	4,000	+40
Paris CAC 40	3,000	+30
Frankfurt DAX	2,000	+20
Amsterdam AEX	1,000	+10
Stocks		
Exchange	Index	Wednesday's Close
Hong Kong	Hang Seng	10,000.00
Singapore	Straits Times	2,200.00
Tokyo	Nikkei 225	20,000.00
London	FTSE 100	4,000.00
Paris	CAC 40	3,000.00
Frankfurt	DAX	2,000.00
Amsterdam	AEX	1,000.00
Commodities		
Bangkok	SET	1,400.00
Seoul	Composite Stock	900.00
Taipei	Weighted Price	6,800.00
Manila	PSE	3,100.00
Jakarta	Stock Index	400.00
New Zealand	NZSE-40	2,100.00
Bombay	National Index	2,100.00

Very briefly:

Hyundai Heavy Industries Co. reached a temporary agreement with its unions, virtually ending a 61-day strike that crippled the world's largest shipyard. Both company and labor leaders were confident the accord would be approved in a vote Thursday.

Bank of Japan experts will visit Beijing for about two weeks starting in late September to help reform China's foreign exchange market. China opened a foreign exchange trading center in Shanghai in April as an initial step toward establishing the foreign exchange market.

Ford Motor Co. and Mazda Motor Corp. have started a feasibility study on joint manufacturing of pickup trucks in Thailand. Output would be sold locally as well as exported to neighboring countries.

Malaysian Firm Sets Forestry Deal

Bloomberg Business News

KUALA LUMPUR — Construction & Supplies House Bhd. hopes to operate a timber concession in Papua New Guinea on behalf of Innovision Pty., Construction & Supplies announced Wednesday.

If Innovision's board approves the arrangement, Innovision will obtain approvals from the Papua New Guinea government for the right to extract timber from the 300,000-hectare (741,000-acre) Makapa Timber area. Construction & Supplies will then be appointed the exclusive contractor, buyer and marketing agent for all timber extracted during the expected 20 years of the concession.

Construction & Supplies will pay Innovision an undetermined percentage of net proceeds, not to exceed 5 percent, and will reimburse Innovision for expenses incurred before operations begin.

GLOBAL ENVIRONMENT FACILITY PROJECTS:

The U.S. Agency for International Development (USAID) solicits expressions of interest in receiving requests for proposals (RFP) for two USAID-funded Global Environment Facility Projects.

BULGARIA BIODIVERSITY GLOBAL ENVIRONMENT FACILITY PROJECT. This project is aimed at strengthening the Bulgarian nature protection management system at the national and local levels.

DANUBE TRIBUTARY BASINS GLOBAL ENVIRONMENT FACILITY PROJECT. This project is aimed at reducing the emission of toxic compounds and pollutants to international waters in selected areas where potential pathways of human exposure cross national boundaries.

To receive a copy of both of these RFP, please submit a written request to: Karen Beveridge, U.S. Agency for International Development, Office of Procurement, A/OP/ENV/EE, 1440, M-14, Washington, DC USA 20523-1474.

Dewan Salman Floats First Pakistani Eurobond Issue

Reuters

ISLAMABAD, Pakistan — Dewan Salman Fiber Ltd., a polyester company, has successfully floated Pakistan's first private Eurobond issue, putting the country on the international capital map.

European fund managers may have barely blinked, but other Pakistani industrial groups could now follow. Dewan's lead after its \$45 million issue, launched in May, was fully subscribed.

"It is a landmark for a Pakistani company," said Shahzad Mahmood of Future Management, consultants to the Islamabad and Lahore stock exchanges. "It has put Pakistan on the map."

The chairman of Pakistan's Corporate Law Authority, Shaukat Ahmed Khan, said two other companies were seeking the authority's permission for a Eurobond issue. He did not name them.

Established in 1990, Dewan Salman is the biggest polyester producer in Pakistan, with a capacity of 56,500 metric tons a year, its chief executive, Dewan Zia Rehman Farooqi, said.

The Eurobond issue will finance a new unit that will almost double capacity, to 108,500 metric tons a year, he said.

Dewan's plans have shaken its competitors because higher production could force down prices.

"The polyester market is very upset," a market analyst said. "Overproduction can seriously hurt the prices and maybe even the quality."

When Dewan began production in 1992, the Hong Kong-based securities firm Smith New Court said a price war was possible, given domestic polyester demand of 120,000 tons a year against local production capacity of 85,000 tons.

But Mr. Farooqi remained confident of his company's future.

Dewan recorded an after-tax profit of 300.6 million rupees (\$10 million) on net sales of 1.7 billion rupees in 1992-93.

TV: Competition Leads Indian Network to Seek New Image and Viewers

Continued from Page 11

tion of the regional language broadcasts, will help.

While the move gives non-Hindi speakers a chance to keep up with events at home wherever they are in India — only 20 percent of Indians consider Hindi their native language — it also gives advertisers a crack at a new audience for their products.

"The environment is very complex out there. India has 15 official languages," said San-

jeeb Chaudhuri, marketing head of Citibank's credit card operations, and before that a brand manager for Hindustan Lever Ltd.

"You can have a national brand in India like anywhere else, but the communications have to be tailored to the different territories," said Mr. Chaudhuri, encouraged by Doordarshan's move.

In another advertising-driven move, Doordarshan is planning

Channel 3, an up-market channel for an intellectual viewership, which doesn't get all its kicks from STAR TV's pop music V Channel or Zee's dramas.

"It will be a sort of a BBC for the intelligentsia who feel a bit neglected except for a few newspapers," said Mr. Padamsee, referring to the British Broadcasting Corp. Mr. Padamsee will produce a show on media image making for the new channel, which is due to be launched by year's end.

Whatever its final shape, most Indians agree improvements at Doordarshan, along with the new airlines formed to challenge Indian Airlines, a domestic monopoly with a woeful record for everything, are highlighting the consumer benefits of India's economic liberalization.

See our Business Message Center every Wednesday

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Angola	00244	Armenia	00375-1-10	Buenos Aires	1-800-877-3000	Peru	0051-1-477
Argentina	0054-1-111	Australia	0061-1-111	Caracas	1-800-877-3000	Poland	0048-1-111
Australia	0061-1-111	Bahamas	001-242-111	Cebu	1-800-877-3000	Romania	0040-1-111
Bahamas	001-242-111	Bangladesh	00880-1-111	Chennai	1-800-877-3000	Russia	007-1-111
Bahrain	00965-1-111	Barbados	001-246-111	Colombo	1-800-877-3000	Saudi Arabia	00966-1-111
Barbados	001-246-111	Belize	00501-1-111	Dhaka	1-800-877-3000	Spain	0034-1-111
Belize	00501-1-111	Bhutan	00975-1-111	Dubai	1-800-877-3000	Sweden	0046-1-111
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Brazil	0055-1-111	Cameroon	00237-1-111	Istanbul	1-800-877-3000	Turkey	0090-1-111
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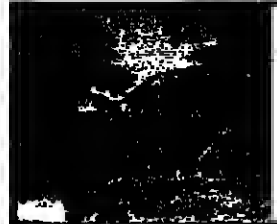
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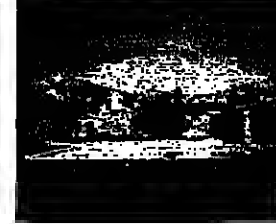
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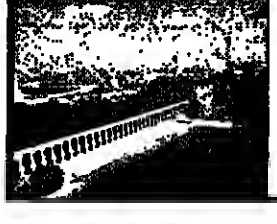
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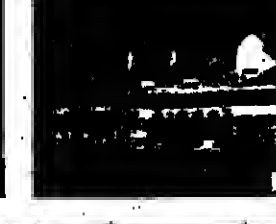
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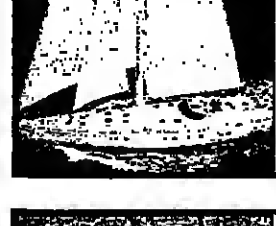
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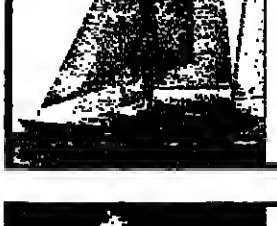
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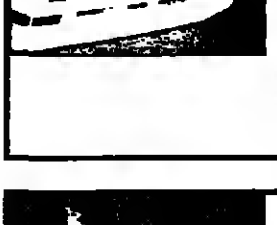
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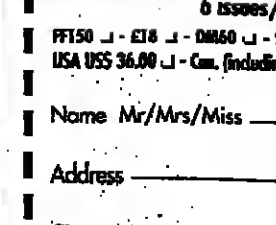
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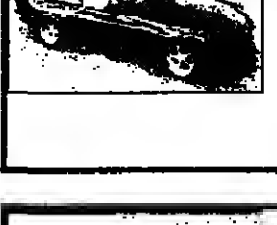
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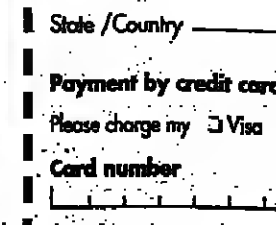
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SPORTS

L.A. Kings' McNall Expected to Enter Guilty Plea in Fraud

By James Bates and Lisa Dillman
Los Angeles Times Service

LOS ANGELES — Bruce P. McNall, the president of the Los Angeles Kings and the sports entrepreneur credited with turning Southern California on to professional ice hockey, has agreed to plead guilty to four criminal counts stemming from a federal bank fraud investigation, sources close to the case have confirmed.

McNall, hailed as recently as a year ago as one of the most successful and innovative American sports executives, has signed a draft agreement negotiated by his lawyers and federal prosecutors.

That agreement calls for guilty pleas to one count of bank fraud, two counts of mail fraud and one count of conspiracy, the sources said. A federal grand jury has been investigating McNall for allegedly falsifying loan documents.

Sources with knowledge of the agreement said probation was unlikely, adding that under federal sentencing guidelines and the current plea, McNall probably would face a maximum prison sentence of six to nine years. That sentencing ceiling could be lowered.

McNall has been making no public statements on his situation. Authorities at the U.S. Attorney's Office have declined to comment.

McNall, 44, was sole owner of the Kings from 1988 until May, when he was forced to sell a 72 percent interest in the team to the investors Jeffrey Sadihoff and Joseph Cohen because of severe financial problems that eventually led to his filing for protection from creditors in U.S. Bankruptcy Court.

McNall remains a minority partner in the team.

Once a brain, free-spending executive, McNall brought glitz to the Kings. He acquired Wayne Gretzky from the Edmonton Oilers in 1988 in what remains the sport's most significant trade. Celebrities were drawn to the team, and soon McNall was mingling at games with actors, actresses and former presidents. Such stars as Kevin Costner were known to show up in the Kings' dressing room to meet the players.

His Canadian football team, the Toronto Argonauts, became trendy, too, after McNall signed the former Notre Dame star Raghbi (Rocky) Ismail.

The Argonauts won the Canadian Football League's Grey Cup, the first year McNall owned the team, and the Kings nearly won the Stanley Cup, losing the 1993 finals in five games to the Montreal Canadiens.



Donald Fehr, players' union chief, left, and Richard Ravitch, owners' representative, taping the "Larry King Live" show.

U.S. Soccer Star, Cut by Jets, Will Keep on Trying

By Gerald Eskenazi
New York Times Service

HEMPSTEAD, New York — They gave Tony Meola a dozen footballs, a kicking tee and told him to go home and practice. And maybe, the Jets told him, he can return soon.

The Jets were encouraging to Meola, who tried to live out his fantasy of switching from World Cup soccer goalie to National Football League kicker.

Officially, Meola was cut Tuesday as the Jets pared their preseason roster to 60. He had not been consistent — either in booting the ball into the end zone or hanging it high on kickoffs. Then again, he had only been doing this for a few weeks.

There was never a question that Meola would unseat 38-year-old Nick Lowery, the most accurate kicker in history. There was the hope, though, that the 25-year-old Meola, with his powerful right leg, could kick the ball so deep that no one could return it.

"I'm not disappointed, that's for sure," said the pony-tailed Meola, who was going home to Kearny, New Jersey, with the supply of balls to practice kicking. "I'm going to try to be ready for next Wednesday. Pete said he's going to try to make a place for me on the practice squad."

Coach Pete Carroll suggested that after more practice, Meola could be signed to the 53-man roster, of which 46 suit for games. There is also the five-man practice squad, which is where Meola is apparently headed with the regular season starting on Sept. 4.

Carroll said there was no reason to use Meola in the final preseason game against Tampa Bay on Friday night.

"Not in a week's time," he said. "He wouldn't make that much progress that fast."

While Meola hauled away his gear, Lowery went through his obsessive routine of stretching and jogging. Thirty minutes after the others had

left the practice field, Lowery finished his workout. Then he explained how difficult it was for Meola, a fine athlete, to make it as a big-league kicker so soon.

"He made great progress," said Lowery. "But he had 35 variables in his kicking motion the first week, knocked it down to 20, then 10 and now it's at 4. Things like pointing his right foot, or not leaning over too much."

Still, Lowery believes that Meola "made the fastest progress of any kicker I've ever seen."

Yet, with all that progress, Meola is probably at the stage of being an outstanding college kicker — but not good enough for the big time. He had not done so much football kicking since he was a 12-year-old playing in the Pop Warner League.

When he impressed the Jets last month in a workout that led to his signing, he was drilling a high percentage of kicks into the end zone from 70 yards away. This would be the perfect comple-

ment to Lowery, with the new kicking rules that lowered the tee and required a kickoff from the 30-yard line.

But Meola's kickoffs too often hang only 3.3 seconds instead of the league average of 3.9.

And his distance and height suffered as his form improved. Early in camp, Lowery warned Meola that he might lose two to five yards in distance by changing techniques, but that eventually he would be a better kicker.

Meola, meanwhile, will continue to point toward the new Major Soccer League, which is scheduled to begin next spring.

"You know, I said from the beginning that I hoped to make the practice squad," Meola said. "I also haven't given up on soccer."

Lowery himself was cut by the Jets 16 years ago. He has spoken to Meola about overcoming these unkind cuts. Meola is still two years away, Lowery said.

Strike Day 13: They're Talking But Not Quietly

The Associated Press

NEW YORK — The two sides in the major-league baseball labor dispute met Wednesday for the first time since the strike began.

After about two hours behind closed doors, the negotiators took a break so the players could talk among themselves. "It's too early to tell whether anything happened that will be consequential in the process," said Richard Ravitch, management's chief negotiator.

Paul Molitor, the Toronto Blue Jays designated hitter and one of 21 players at the talks, said all 12 of the management representatives spoke at the morning session.

"They all got up and shouted a chorus of, 'We support Dick,'" Molitor said.

After hearing the management presentation, Molitor added, the strike "seems to be about not as much substance as about why the proposal that was made was made."

Before the talks began, the odds were better for raised voices than a settlement.

"Maybe we need a little shouting," Kansas City Royals pitcher David Cone said on Tuesday. "I know that there are fans all over America who would like to shout right now."

With the strike in its 13th day, there was no sign that the owners would alter their demand for a salary cap or that players would accept one.

"If they stick with a salary cap, players are going to play a lot of golf," the Los Angeles Dodgers outfielder Brett Butler said after the union delegation met with federal mediators for about two hours.

When they went behind closed doors just before 11 A.M., owners were at the bargaining table for the first time in nearly four and a half years.

Reinsdorf of the Chicago White Sox, Jerry McMorris of the Colorado Rockies and Drayton McLane of the Houston Astros

were to be joined by eight or nine other management officials. The management team met with the mediators for about three and a half hours on Tuesday.

"Everyone had a different way of articulating their concerns for the economics of the game," said the Boston Red Sox chief executive officer, John Harrington, the spokesman for the group. "But the unanimity of the final message was that we have to bring about some fundamental change to the player compensation system in order to ensure the future viability of the game."

"There's not that much optimism right now," said Cone, one of 18 players who met the mediators, on Tuesday. "There's no reason to expect anything substantial tomorrow."

Owners, by their own choice, had refused to attend bargaining sessions. But they changed their stance after federal mediators asked last week.

"It is very much a step in the right direction that the stakes holders — as they have been referred to — the owners and the players, will sit down with each other and have a dialogue," said management's negotiator, Richard Ravitch.

Ravitch said owners would stick to their salary-cap proposal. He repeated that owners want to have a fixed figure or percentage of revenue assigned to player compensation.

"No, we're not going to change our view on that," he said.

Harrington left open a possibility that owners could refer to other plans they've considered. "We've looked at other alternatives," he said. "We're willing to discuss them also."

Players made clear that no progress was possible as long as owners insist on a cap.

"Once you take the salary cap off the table, we're willing to talk about all aspects of the game," Butler said. "But that's got to come first."

CROSSWORD

ACROSS

- 1 Jam maker
8 Mounds of arms
14 Facsimile
15 Tour follower

- 16 Occupy
17 Treadmill
18 They may try you
19 RR depot

- 21 Borders
22 Look up and down
23 "No bid"

- 24 Curve between musical notes
25 "Agnus"

- 26 Crustacean catcher
27 Before
28 Scopes Trial defender
29 FR into the schedule

- 30 Coal container
31 Razor-billed bird
32 Reindeer relative
33 Live this answer

- 34 Constellation next to Scorpius
35 For 38-Down?

- 36 Shipping letters
37 "Was a Rollin' Stone" (1972 hit)

- 38 Pickle-uppers
39 Stories
40 Uses a knife
41 Sullivan Award

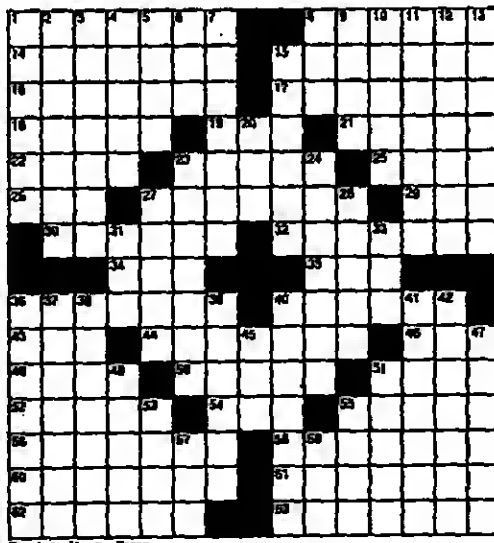
- 42 Sommer's offerings
43 "Four Quartets" poet
44 Temporary
45 Perhaps
46 Rite, as plans
47 Naguib's successor
48 Originally

- 49 Took back
50 Highest orbital point
51 Got wider
52 Whopper juniors
53 Henri's here
54 Dupe
55 Bathing suit top
56 Bit

- 57 Takes to the street edge
58 Uniform attachment
59 Visuals
60 Is increased
61 Comprehends
62 Drink opener
63 Resolve, as differences
64 Consoles
65 Kid corals

- 66 City on the Loire
67 Baseball stat
68 Ring result
69 Where nautical rope is wound

- 70 Uzbek take
71 Duelers' equipment
72 W.W. II craft
73 Masters tournament location
74 Free-loader
75 Cracker toppers
76 Certain code carrier
77 Ruthless ruler
78 Book containing legends
79 Florentine painter
80 Spot
81 "Star Trek" Klingon
82 Finish'd
83 Youngster

Puzzle by Harvey Eisen
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Solution to Puzzle of Aug. 24

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HUSKY VOICE XEN
NET EARTH DREAMY
TALE ADORES
CHARTS CRUISE
LOVES GREEN HALF
DIPLO SINGING
GIBBO HADY PROM
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